# BUSINESS WEEK

A MOGRAW HILL PUBLICATION

MARCH 29, 1958.

(USS)

Steel

U.S. Steel's Richard Sentner, is pushing company and product identification as a sales tool

8 3

NIN AIROS BICE

MINERSILL MICHOFILMS

11 EU

E B POWER

# GENERAL SHOE

"A World Leader"



# Nationals save us 66% a year

#### on our investment."

"Our several factories, the different products we manufacture, and the various properties we own, require that our accounting system be of the most efficient type. This enables us to obtain the vital figure facts about our business so necessary today for profitable operation—while they are current news rather than past history.

"National Accounting Machines meet all these requirements. Their flexibility enables us to switch from one job to another in a matter of seconds, giving us maximum use of these machines so that each day's work is a

GENERAL SHOE

completed job, and peak loads are eliminated. The electric typewriter keyboard gives us descriptive detail wherever required.

"Operator training is simplified and speeded up because most of the work is done automatically by the machine,

"We estimate that National Accounting Machines save us about 66 % each year on our investment."

Auditor and Director

General Shoe Corporation

books

In your business, too, National machines will pay for themselves with the money they save, then continue savings as annual profit. Your nearby National man will gladly show how much you can

New York, Detroit, Miami Seach

FRANK BROTHERS

New York, Chicago, Whi Sulphur Springs, Palm Be

save. (See the yellow pages in your phone book.)

National

THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO 989 OFFICES IN 94 COUNTRIES

#### IN BUSINESS THIS WEEK March 29, 1958

GENERAL BUSINESS	HOUSING MAKES NO PROMISES. Even with large-scale federal aid, builders see little hope of an upswing before latter part of year	23
BUSINESS OUTLOOK 19	NEW PROJECTS FEEL THE KNIFE. Business takes a 30% cut in new plant and equipment projects started	24
WASHINGTON OUTLOOK 39	CANADA GOES TO POLLS IN A SLUMP.	25
INTERNATIONAL OUTLOOK 101 PERSONAL BUSINESS 121 THE TREND 140 FIGURES OF THE WEEK 2 CHARTS OF THE WEEK 136 READERS REPORT 5	EVERYTHING GOES IN AUTOS—ALMOST. That's what one Birmingham dealer found	26
	THAT U. SBUILT SMALL CAR. Ford and GM have to decide now for 1959; the real problem is marketing	27
	EIRE PLAYS UP TO U.S. INVESTMENT DOLLAR. De Valera is making a determined effort to catch up with the industrialized North	28
	SHIPS LIE IDLE—BUT SHIPYARDS GO FULL TILT.	30
	MONEY BACK awaits customers of natural gas pipeline companies	32
	BUSINESS BACKS MIDEAST AID.	32
	STEEL HOPES ON, DESPITE THE FIGURES.	34
	IN BUSINESS. News about Penn-Texas board, converting heat directly into electricity, "sinful" taxis, Martin's missile contract	36
THE DEPARTMENTS		
BUSINESS ABROAD:	Cuba Moves Toward Showdown. Rebel leader Castro declares total war  In Business Abroad. News about training overseas personnel, insurance for car buyers, Panama bond issue, tanker deal, German aluminum output, Argentine oil	45 52
FINANCE:	Life Companies Keep Going Up. Even in recession, the life insurance business	
	seems to be continuing its lusty growth	55
	Setback for CCC. Kansas judge rules Commercial Credit is a lender, subject to usury laws. He bars collections in 17 cases, pending appeal	62
	Bank Gets Credit for German Revival. Independent but orthodox policies of the	
	central bank led the way to recovery, Yale professor says	65
	Wall Street Talks	68
GOVERNMENT:	In Washington. News about salt water conversion plants, atomic power reactor plan, gas pipeline proposal, GAO complaint against Chrysler	73
INDUSTRIES:	New Life for the Ski Business	132
LABOR:	Proposals for Liberalizing State UC Programs Go Before Congress	104
	report on abuses it found in past year	107
	UAW wants from farm equipment makers, death of a daily	111
MANAGEMENT:	In Management. News about executive changes at Sinclair Oil, Gillette, American-Hawaiian Steamship; stock option plans; Standard Oil's salary formula	125
	How to Beat the Recession. Company managers tell how they are cutting costs for the short term while staying strong for a long-term rise in business	127
MARKETING:	What's Behind the New Look That U. S. Steel Is Sporting. For the competition with rival materials, it is unifying its promotion of steel for consumer products	88
	The Marketing Pattern. The Riddle of Consumer Behavior  In Marketing. News about "mixed retailing," ABC's cut in radio programing, Toro's new servicing program, GSA's office supplies' supermarket	95
THE MARKETS		113
THE MARKETS:	In the Markets	114
	Food Stocks: Feeding on Recession. People, it seems, insist on eating	116
PRODUCTION:	Tunneling Under Sea to Blast Channel Clear	78
	Punched Tapes Give the Directions to a Team of Automatic Machine Tools	82
	New Products	74
BUSINESS WEEK • Mar. 29, 1958	BUSINESS WEEK is published weekly by McGraw-Hill Publishing Co., Inc., at 99 N. NUMBE Broadway, Albamy 1, N. Y. Entered as second class matter Dec. 4, 1936 at the Post Office at Albamy, N. Y. under oct of Mar. 3, 1879. Subscriptions 36 a year In U. S. A.	R 1491

#### FIGURES OF THE WEEK

1947-49=100			19	947-49=100	0 17
50					15
40	1958				14
					13
20	-				12
10 1953 1954 1955 1956 1957	M A A		AS	0 N D	11
	1946 Average	Year Ago	Month Ago	Week Ago	§ Lat
USINESS WEEK INDEX (chart)	91.6	148.2	129.5	†125.8	*125
ODUCTION					
Steel Inget (thous, of tons)	1,281	2,364	1,475	11,417	1,3
Automobiles and trucks	62,880	172,708	114,930	†111,772 \$57,224	107,7
Ingineering const. awards (Eng. News-Rec. 4-wk daily av. in thous.)	\$17,083 4,238	\$61,149	\$51,078 12,338	\$57,326 11,860	\$58,2
rude ell and cendensate (daily av., thous, of bbls.)	4,751	7,818	6,808	6,257	6,2
Bituminees coal (daily av., thous. of tons)	1,745	1,706	1,328	1,350	1,2
Paperboard (tons)	167,269	288,866	272,590		273,8
ADE					
arleadings: mfrs., miscellaneous and L.c.L. (daily av., thous. of cars)	82	69	52	55	
Carleadings: all others (daily av., thous. of cars)	53 90 22	46 107 318	37 96 317	36 105 336	
ICES					
pot commodities, daily Index (Moody's, Dec. 31, 1931 = 100)	311.9	410.1	397.1	399.3	39
ndustrial rew materials, daily index (BLS, 1947-49 = 100)	1173.2	94.3	83.2	83.0	
oodstuffs, daily index (BLS, 1947-49 = 100)	1175.4	81.1	89.6	89.2	. 8
rint cleth (spot and nearby, vd.)	17.5€	17.9€	17.4∉	17.4∉	17
inished steel, index (BLS, 1947-49 = 100)	1176.4	174.0	181.8	181.7	- 18
crap steel composite (Iron Age, ton)	\$20.27	\$45.83	\$37.33	\$36.33	\$35
opper (electrolytic, delivered price, E & MJ, Ib.)	14.045∉	31.780∉	24.615∉	24.030≰	24.5
Vheut (No. 2, hard and dark hard winter, Kansas City, bu.)	\$1.97	\$2.32	\$2.23	\$2.27	\$2
ettem, daily price (middling, 1 in., 14 designated markets, lb.)	**30.56¢	33.86€	34.55¢	34.52¢	34.
feel teps (Boston, Ib.)	\$1.51	\$2.14	#	\$1.70	\$1
IANCE		44.03	40.70	40.14	
00 stocks composite, price index (S&P's, 1941-43 = 10)	17.08	44.01	40.79	42.16 4.67%	4.6
ledium grade corporate bend yield (Baa issues, Moody's) rime commercial paper, 4 to 6 months, N. Y. City (prevailing rate)	3.05% %-1%	3%%	2%%	236 %	23/
NKING (Millions of Dollars)					
emand deposits adjusted, reporting member banks	1145,820	55,704	54,882	56,031	55,
etal leans and investments, reporting member banks	††71,916	86,747	87,027	89,408	90,
ommercial and agricultural leans, reporting member banks	119,299	31,579	30,451	30,372	31,
. S. gov't guaranteed obligations hold, reporting member banks otal federal reserve credit outstanding	1149,879 23,888	25,990 25,158	26,452 24,830	28,025 24,456	28,
ONTHLY FIGURES OF THE WEEK		1946	Year	Month	Lan
IcGraw-Hill Indexes of New Orders (1950 = 100)		Averago	Ago	Ago	men
		N.A.	150	125	1
room orders for muchinery, except electrical (seasonally adjusted) Fahruary.		N.A.	170	133	1
New orders for machinery, except electrical (seasonally adjusted). February.  Construction & mining machinery				94	1
Construction & mining machinery		N.A.	145	74	
Construction & mining machinery February Engines & turbines February Pumps & compressors February		N.A.	191	173	3
Construction & mining machinery February Engines & turbines February Pumps & compressors February Metalworking machinery February				I and the same of	
Construction & mining machinery February Engines & turbines February Pumps & compressors February		N.A.	191	173	1

<sup>\*</sup> Preliminary, week ended March 22, 1958. † Resized.

§ Date for 'Latest Week' on each series on request. # Insufficient trading to establish a price. N.A.—nos available at press time.

<sup>††</sup> Estimate.
•• Ton designated markets, middling }{ in.



# Now they bake coal to make building blocks

B. F. Goodrich improvements in rubber brought extra savings

Problem: Those steaming hot cinders on that conveyor belt are burned coal refuse. Once thrown away as useless, the refuse is now used to make an improved, lightweight building block.

After cooking at a white hor 2500 degrees, the cinders are sprayed with water, but are still plenty hot when they're dumped on the conveyor belt to be carried to storage. This heat, plus the wear and tear from sharp, jagged cinder edges, ruined a belt

made of asbestos in only 30 days. What was done: When a B.F. Goodrich distributor heard of the problem, he recommended a B.F. Goodrich belt that's made to carry such hot materials as coke, hot sand, lime. This belt is made with a special heat-resisting rubber that can stand temperatures that would char or burn ordinary rubber belts.

Savings: The B.F.Goodrich belt was put to work and lasted 20 months—far

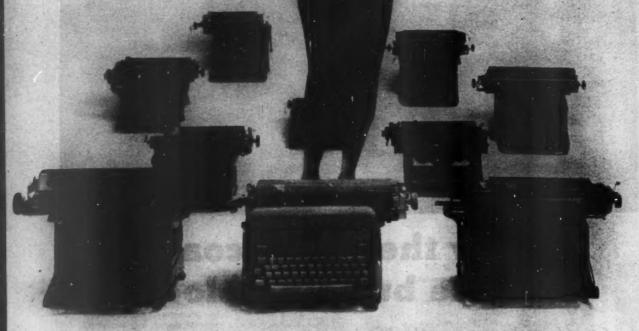
longer than the asbestos belt it replaced. The belt worked around the clock, 7 days a week, carrying 120 tons of hot cinders a day. There was not one shutdown for maintenance or repairs.

Where to buy: Your B.F. Goodrich distributor has the exact specifications on the belt that solved the problem in this plant. And, as a factory-trained specialist in rubber products, he can answer your questions about all the rubber products B.F. Goodrich makes for industry. B.F. Goodrich Industrial Products Co., Dept. M-306, Akron 18, O.

B.F.Goodrich industrial products

no matter wh

which you use ...



you'll get a better job on Wausau Bond

Artisans of Fine Papers

ausau

IMPRESSION PAPERS

WAUSAU PAPER MILLS COMPANY, BROKAW, WISCONSIN

ASK YOUR STATIONER OR WRITE FOR SAMPLES



#### USIN EEK

EDITOR & PUBLISHER Elliott V. Bell MANAGING EDITOR Kenneth Kramer

ASSISTANT MANAGING EDITOR Robert B. Colborn ASSOCIATE MANAGING EDITORS John L. Cobbs, Peter French, Eugene Miller SENIOR EDITORS Clark R. Pace, Howard Whidden

#### DEPARTMENTS

DEPARTMENTS

Business Outlook: Clark R. Pace, Editor; Sam I. Nakagama
Economics: Leonard Silk, Editor
Finance: William McKee Gillingham, Editor; Albert C. Lasher
Foreign: Howard Whidder, Editor; Paul Finney
Industrial Production: Theodore B. Merrill, Jr., Editor; C. Peter Buckley
Labor: Edward T. Townsend, Editor; Thomas R. Brooks
Management: Lee Geist, Editor; Edward McCreary, Daniel B. Moskowitz
Marketing: Richard L. Waddell, Editor; Cora Carter, Jack E. Patterson
Money & Credit: M. J. Rossant, Editor; Irwin Lainoff
Personal Business: Joseph L. Wiltsee, Editor
Regions: Werner Renberg, Editor
Regions: Werner Renberg, Editor
Statistics: Elsa Denno
News Editors: T. B. Crane (Senior News Editor), Jeanne A. Bernhardt, Robert F. Deed, John A.
Dierdorff, Lawrence H. Odell, Doris I. White
Staff Writers: John H. Maughan, Christopher Elias
Editorial Assistants: Edward J. Burgess, Jr., Jean Drummond, John P. Gerry, John Hudor,
Kathleen Kundel

Kathleen Kundel

Hustration: Richard A. Wolters, Editor; Robert Iseas, Pictures; Grant Compton, Jack H. Fuller, Herbert F. Kratovil, Jomary Mosley, Arthur Richter, Joan Sydlow, Mario de Vincentis Library: Jane G. Raczka, Librarian; Tessie Mantzoros Assistant to the Editor and Publisher: Gerald W. Schroder

#### McGRAW-HILL ECONOMICS STAFF

Dexter M. Keezer, Director; Theodore C. Boyden, William H. Chartener, E. Russell Eggers, Douglas Greenwald, Robert P. Ulin

#### U.S. & CANADIAN NEWS SERVICE

U.S. & CANADIAN NEWS SERVICE

Atlanta Bureau: Glenn McCullough, Manager, Frances Ridgway
Boston Bureau: Brenton Welling, Jr., Manager, Lucie Adam
Chicago Bureau: Merlin H. Mickel, Manager, Franklin N. Karmatz, Joanne Sponsler
Cleveland Bureau: John K. Fockler, Manager, Michael Davis, Bernadette Callahan
Houston Bureau: William Kroger, Manager; Michael Davis, Bernadette Callahan
Houston Bureau: Normand DuBeau, Manager; John Whitmore III
Los Angeles Bureau: Thomas M. Self, Manager; John C. Horan
Philadelphia Bureau: Keith G. Felcyn, Manager; Kathleen C. Horan
Philadelphia Bureau: W. B. Whichard, Jr., Manager; Esther A. Schultz
Pittsburgh Bureau: Richard N. Lartin, Manager; Esther A. Schultz
Pittsburgh Bureau: Richard Lamb, Manager; Margaret J. Scandling
Toronto Bureau: John D. Harbron, Manager; Margaret J. Scandling
Toronto Bureau: Goorge B. Bryant, Jr., Manager; Alan E. Adams, Glen Bayless, Roy Calvin,
Ernest Conine, John C. L. Donaldson, Jay Flocken, Boyd France, Sam Justice, Arthur J. Kraft,
Donald O. Loomis, Gladys Montgomery, Arthur L. Moore, Seth Payne, Morton A. Reichek, V. Craig
Richter, Caroline Robertson, Vincent Smith

#### McGRAW-HILL NEWS SERVICE

Manager: John Wilhelm; Beirut: O. M. Marashian; Bonn: Morrie Helitzer, Thomas Berendt, Silke Brueckler; London: William J. Coughlin, John Tunstall, Robert Gibson, Derek Barlow; Melbourne: Alicja Grobruch; Mexico City: Jack Kearney; Paris: Robert E. Farrell, Helen Avati; Rio de Janeiro: Petere Weaver; Tokyo: Sol Sanders, Toshiko Matsumura; Atlanta: Charles T. Dixon, Jr.; Cleveland: William G. Meldrum; Dallas: Kemp Anderson, Jr., Mary Lorraine Smith; Detroit: Donald MacDonald, Nancy Ann Moore; Los Angeles: John K. Shinn, Michael J. Murphy; San Francisco: Margaret Ralston, Jeness Keene, Sue Johnson

ASSOCIATE PUBLISHER Bayard E. Sawyer ADVERTISING DIRECTOR John M. Holden BUSINESS MANAGER Richard E. McGraw



#### BUSINESS WEEK . MARCH 29, 1958 . NUMBER 1491

BUSINESS WEEK • MARCH 29, 1958 • NUMBER 1491

(with which are combined The Annalist and the Magazine of Business) Published weekly by McGraw-Hill Publishing Company, Inc., James H. McGraw (1880-1948), Founder, PUBLICATION OFFICE: 99-129 North Broadway, Albany 1, N.Y. See panel below for directions reparding subscriptions or change of address. EXECUTIVE, EDITORIAL, CIRCULATION and ADVERTISING OFFICES: McGraw-Hill Building, 330 West 42nd Street, N.Y. 36, N.Y. Donald C, McGraw, President; Joseph A. Gerardi, Executive Vice President; L. Keith Goodrich, Vice President Treasurer; John J. Cooke, Secretary; Melson Bond, Executive Vice President, Publications Division; Ralph B. Smith, Vice President and Editorial Director; Joseph H. Allen, Vice President and Director; Joseph H. Allen, Vice President and Director of Advertising Sales; A. R. Venezian, Vice President and Circulation Coordinator. Subscriptions to Business Week asplicited only from management men in business and industry, POSITION AND COMPANY CONNECTION MUST BE INDICATED ON SUBSCRIPTION ORDERS. SEND TO ADDRESS SHOWN IN BOX BELOW. United States subscription rates for individuals in the field of the publication, 36 per year; Canada, 37; other Western Hemisphere countries and the Philippines, \$20; all other countries, \$25. Single copies, 50¢. Second class mail privileges authorized at Albany, N. Y. Printed in U. S. A Title registered in U. S. Patent Office. © Copyright 1958 by McGraw-Hill Publishing Co., Inc. All rights reserved.

SUBSCRIPTIONS: Send subscription correspondence and change of address to Subscription Manager, BUSINESS WEEK, 330 W. 42nd Street, M. Y. 36, N. Y. Subscribers should notify publisher promptly of any change of address, giving old as well as new address, and including postal zone number, if any. If possible, enclose an address label from a recent issue of the magazine. Please allow one month for change to become effective.

POSTMASTER . . . Please send form 3579 to Business Week, 330 W. 42nd Street, N. Y. 36, N. Y.

#### READERS REPCORT

#### Incomplete Article

Dear Sir:

The March 8, 1958, issue of BUSINESS WEEK carries an article entitled How Batteries Are Spreading Out which, in respect to batteries for miniature radio equipment and alkaline primary cells, is . . . incomplete. .

It is true that for 60 years or more, many unsuccessful attempts were made in this country and in Europe to make a useful alkaline dry cell. The problem was solved in 1942 when Samuel Ruben, a consultant-associate of P. R. Mallory & Co. Inc., came up with the first important dry battery invention in many years. The first units were small cells, sealed in an airtight steel jacket, employing an oxide depolarizer, preferably mercuric oxide, an alkaline electrolyte of potassium hydroxide saturated with zinc oxide and a mercury amalgamated zinc anode. Sometime later, when government secrecy restrictions were lifted, BUSINESS WEEK published articles concerning the new cell. . .

The new cell, officially designated by the U.S. Army Signal Corps as the RM Ruben-Mallory cell, was not only the first practical mercuric oxide cell-it was also the first sealed airtight primary or dry cell and the first practical alkaline dry cell. The RM cell was characterized by high electrical capacity, four to six times that of the conventional zinc-carbon-manganese oxide cells then used, ability to withstand high temperature and humidity in storage without deterioration, as distinguished from conventional cells, and maintained a relatively constant voltage almost to the end of its operating life. The Signal Corps, which had been unsuccessfully trying to find an answer to the high mortality rate of zinc carbon batteries shipped to the South Pacific (as many as 90% "died" in storage before b ing put into use), urgently requested Mallory to expedite the development and produce batteries embodying these cells at the earliest possible time for use in the "Handy Talkie" and "Walkie Talkie" radio transceivers and for use in mine detectors. As the war continued and the need increased, Mallory, at the suggestion of the Signal Corps, and at the request of the Ray-O-Vac Co. granted a license to that company under the Ruben patents. By the time the second World War

# A man who did something about

He's an important executive of a heads-up company. He and his associates know that executive time these days is a scarce and costly commodity. So when he travels, he flies in one of the 23,000 private planes used in America today for business and professional purposes.

But he knows something else: weather can change awfully fast. And unless his pilot is

constantly informed of weather developments en route, even "having his own wings" is no guarantee he'll make his next appointment.

That's why his company plane is equipped with the most advanced airborne weather radar heart of which is a HUGHES TONOTRON\* tube. With this electronic "eye," he can fly around storms, choose the safest, smoothest route.



#### the weather

The HUGHES TONOTRON tube virtually X-rays any cloud within 150 miles of your plane. Radar-received data are shown in bright photograph-like



images in a complete spectrum of grey shades—revealing the position of clouds (see below) and what's in them: rain, hail or snow.



The TONOTRON tube, in addition to analyzing storm clouds, makes it possible to identify mountains, harbors, waterways, airports, by ground mapping from the air during flight. Rigid inspections, like the microscopic test of viewing surfaces shown below, assure that each HUGHES TONOTRON cathode-ray storage tube will remain reliable under the most adverse conditions. In the HUGHES manufacturing process each tube is subjected to over 250 quality control tests.



The versatile TONOTRON tube is but one of the family of HUGHES direct-view cathode-ray storage tubes. And storage tubes are but one product in a long line of HUGHES electronics systems and components. Our wide range of products and extensive commercial and military experience is available to help you with your problems. We will welcome the opportunity to discuss them with you.

#### **HUGHES PRODUCTS**

International Airport Station, Los Angeles 45, California

Creating a new world with ELECTRONICS HUGHES PRODUCTS

# Now from FORD





New Ford C-1000 with the 260-hp.477 Super Duty V-8 engine. Maximum GVW 31,000 lb., GCW 65,000 lb.



New Ford T-850, choice of 3 engines. Choice of 2 bogies, up to 45,000 lb. GVW and 70,000 lb. GCW.



New Ford F-1100with the 277-hp. 534 Super Duty V-8 engine. Maximum GVW 36,000 lb., GCW 65,000 lb.

AMERICAN BUSINESS BUYS MORE FORD TRUCKS THAN ANY OTHER MAKEI

# engines up to 534 cu. in...

Biggest truck engines ever built by Ford! Three all-new, Super Duty V-8's designed to stand up and deliver on America's toughest truck runs. 401-, 477- and 534-cu. in. displacements. Up to 277 hp.! Ten all-new extra heavy duty truck series rated up to 75,000 lb. GCW.

Perhaps the biggest news about Ford's allnew Super Duty V-8's is not their bigness... not their tremendous power output. The big story may well be in the many durability advancements, offered in the most rugged, most dependable Ford Truck engines ever built.

For instance, materials developed for the missile program are used in parts such as valve stem oil seals. Oil filters are of the same type used in commercial aircraft. The traditional exhaust-heated intake manifold is replaced by a new water-jacketed induction system. Submerged-type electric fuel pumps virtually banish vapor lock. Head gaskets are of heat-resistant stainless steel. Two compression rings and the oil control ring are chrome-plated for

longer wear. A 50-amp. alternator replaces the generator as standard equipment.

These are but a few of the many advancements you'll find in Ford's thoroughly tested all-truck Super Duty V-8's for 1958. Tested in dynamometer laboratories, tested on the proving grounds, tested in commercial fleets from coast to coast . . . these new Ford V-8's, products of over six years of engineering development, are now ready to serve you.

Get in touch with your Ford Dealer for complete data on the three all-new Super Duty V-8's, and the *ten* all-new Extra Heavy Duty truck series, including tandems up to 51,000-lb. GVW, 75,000-lb. GCW, single-axle trucks up to 36,000-lb. GVW, 65,000-lb. GCW.

**NEW!** Three all-new engines—401 cu. in. V-8 develops 226 hp., 350 lbs.-ft. torque... 477 cu. in. V-8 develops 260 hp., 430 lbs.-ft. torque... 534 cu. in. V-8 develops 277 hp., 490 lbs.-ft. torque,

NEW! Water-jacketed induction system contributes to maximum power output with excellent economy by providing more positive temperature control of fuel-air mixtures.

**NEW!** Fully machined combustion chambers and Turbulence-top pistons provide more accurate compression control and greater fuel-air turbulence, for top performance with regular grade fuel.

**NEW!** Submerged-type electric fuel pump virtually eliminates vapor lock. Pump delivers only solid fuel, always under pressure, operates independently of engine speed.

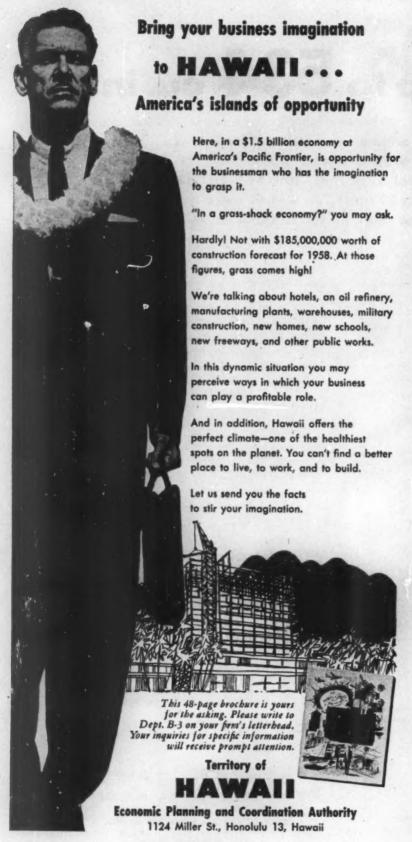
**NEW!** Valve seat inserts for intake as well as exhaust valves. Intake valves are hard-faced dished-type. Exhaust valves are sodium-cooled, faced with tungsten-cobalt.

**NEW!** Three-stage cooling system with separate temperature control for block and head, shortens engine warm-up time.

Big truck built...
Big truck powered...
At Ford's low prices!

# FORD TRUCKS COST LESS

LESS TO OWN... LESS TO RUN...



had ended, Mallory and Ray-O-Vac were producing approximately 1million cells a day.

All production during the war was taken by the government and neither company was permitted to supply civilian needs.

Almost coincident with the Armistice, the mercury cell was promptly adopted by the hearing aid industry and its use made possible the smallest type vacuum tube hearing aids. With the advent of the transistor, the mercury cell became standard equipment in the new hearing aids. At present, almost without exception, every transistor hearing aid currently manufactured in the United States uses a mercury cell, manufactured by Mallory and sold under the Mallory label or the labels of its customers, including the National Carbon Co. For instance, the allin-the-ear hearing aid referred to in your articles uses a Mallory-made No. 400 cell which has a capacity of 80 milliampere hours, is less than 1/2" in diameter, about 1/4" high, and weighs .04 oz. . .

The mercury battery powers highly important communications equipment used by the armed forces. These batteries are standard equipment in Navy and Air Force air-sea rescue transceivers, in various types of radiation detection equipment; it is specified for use in the Explorer and other satellites, etc. It is used in transistorized personal radio receivers, paging systems, fire alarm systems, cordless electric clocks, geophysical exploration equipment, and for many other uses.

The alkaline dry cells currently produced by the Ray-O-Vac Co., and referred to in your article, contain depolarizers of either mixtures of mercuric oxide and manganese oxide, or manganese oxide. Both types are covered by the Ruben alkaline cell patents and are manufactured by Ray-O-Vac under license.

LEON ROBBIN

VICE-PRESIDENT
P. R. MALLORY & CO., INC.
NEW YORK, N. Y.

 In covering a broad subject as batteries, it is not always possible to include all major concerns. Mallory definitely should have been mentioned because of its importance.

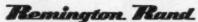
Letters should be addressed to Readers Report Editor, BUSINESS WEEK, 330 West 42nd Street, New York 36, N. Y.

# cretary noisy neighbor or...silent partner?

The pressure printing principle of the REMINGTON NOISELESS<sup>®</sup> Typewriter eliminates noise not through cushioning parts, but through fine design that eliminates hammer blow action.

Consequently, in addition to being the quietest typewriter ever made, its design demands that it also be the finest from a workmanship, materials and functional standpoint. The benefit to the user is not just the quiet operation which no other typewriter can offer, but superior typing results, minimum loss of service for maintenance and longer user life. Net result? Everyone works more efficiently and more productively in quiet office surroundings.

Send for color folder RN8851 describing in full the REMINGTON NOISELESS Typewriter.



DIVISION OF SPERRY RAND CORPORATION Room 1306, 315 Fourth Avenue, New York 10



# Which is the best way to air condition an older building?

That depends on the building. The way it is built, the way
the space is divided and the way it is used can make a big difference.

To make sure of the best way to air condition your building,
talk with the Carrier representative in your community. He handles
every type of air conditioning. (Four of the many ways are
shown at the right.) So his only interest is to recommend the type
that serves you best. Throughout the world, in thousands of
dependable installations, Carrier air conditioning serves more people
and more purposes than any other make. Good reason to call the
Carrier dealer or representative listed in your Classified Telephone
Directory. Carrier Corporation, Syracuse, New York.

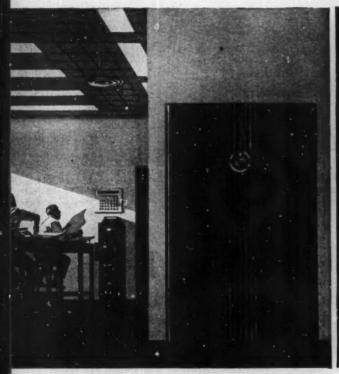
Ask your Carrier dealer for copies of the free booklets, "Which Is the Best Way to Air Condition Your Business?" and "Carrier Multi-Weathermaker System." Or write to Carrier Corporation, Syracuse, New York.



Room by room? Carrier Console Weathermakers\* fit under windows or through the wall. When connected to steam pipes, they provide heating as well as cooling, and will replace unsightly old radiators.



Suite by suite? This inexpensive new Weathermaker installs in hours, requires no water, occupies no floor space. It can be put in a window, transom or storage room. Ducts distribute cool air throughout the space.



Floor by floor? A Carrier Multi-Weathermaker System will provide the utmost flexibility. Self-contained units, when strategically located throughout the area cool only when and where cooling is needed.



All of once? Specify the Carrier Weathermaster\*
System with the new under-the-window Modular units
which adapt to all types of building construction. The
occupant of each office selects the climate he prefers.

# Reg. U.S. Pat. Off.



TORTURE CHAMBER
FOR MOST
PLASTICS

The unbranched, long chain molecules of Fortiflex increase heat resistance to above the boiling point of water!



SHAPE-HOLDING BIGIDITY

Higher density Fortiflex gives housewares greater structural strength.



SURFACE LUSTRE

PLASTICS RESEARCH...



"Controlled Polymerization" gives Fortiflex its smooth, lustrous surface. The waxy feeling has been scientifically eliminated



A CAREFREE TO PLASTIC FO

The molecules of Fortiflex pack closely in linear formation . . . give Fortiflex an unsurpassed combination of rigidity and toughness.



YOU WOULDN'T TRY THIS WITH OTHER PLASTICS

In boiling water or in freezer compartments, Fortifiex is virtually unaffected by temperature variations,

# writes a new recipe for Housewares

Two years ago there was no plastic for housewares like Fortiflex! That's because Fortiflex is the product of a recent and exciting breakthrough in polymer research—called "controlled polymerization." This method of molecule building produces a material that is far superior in toughness, in heat resistance, in stiffness, and in surface lustre. The pictures on this page demonstrate how Fortiflex, the latest in scientific plastics research, offers the housewares industry new opportunities for vastly improved products and greater design versatility.

Celanese Corporation of America, Plastics Division, 744 Broad Street, Newark 2, N. J.

Canadian Affiliate: Canadian Chemical Co., Limited, Montreal, Toronto, Vancouver.

Export Sales: Amcel Co., Inc., and Pan Amcel Co., Inc., 180 Madison Avenue, N. Y. 16.

Q. Do computers pay off?

A. Our new IBM Ramac pays off in inventory savings alone.

Paul H. Quick, President, Kingsboro Mills, Inc., Chattanooga, Tenn.



ELECTRONICS WITH A PLAIR FOR FASHION

THE Cogers STORY

When you deal with a list of 7,000 retail outlets...carry a short-lived, yet complex, high-fashion inventory... pack the major share of your business into two hectic periods of the year...how can you get the jump on competition?

Kingsboro Mills, Inc., maker of famous Rogers Lingerie, answered that question . . . blasted those problems . . . when they became the first manufacturer in the soft-goods industry to install the IBM 305 Ramac\*.

Having tested this new data processing system with its fabulous five-million character memory in the heat of a record-breaking selling season, Paul H. Quick, President of Kingsboro Mills, Inc., and Richard H. Houck, Vice President and Treasurer report here on the progress and profits possible through an integrated data processing program.

Q. With an exceptionally successful business such as yours, why did you feel the need for electronics?

Mr. Houck: Well, we'd had a taste of what IBM could do for us with punched cards—reducing the processing of orders from ten days to three, for instance. When Ramac came along with the means of cutting those time lags in half, or even better in some cases, we knew from experience what those time savings could mean to us.

Q. Then what would you say was the main reason for installing Ramac?

Mr. Quick: One big reason-service to our customers.

How has Ramac helped you improve your service to customers?

Mr. Quick: At one time, during our seasonal peaks we were

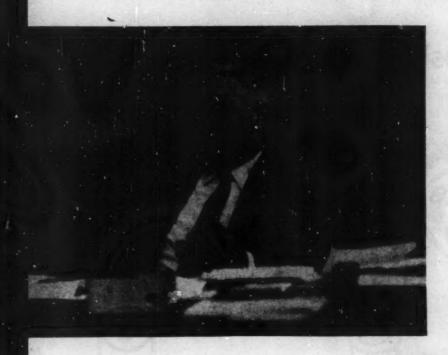


"Automatic credit check is another management control that Ramac gives us." Richard H. Houck, Vice Pres. and Treasurer.

literally swamped in processing orders. Mr. Houck was being generous when he said before that our lag was sometimes ten days. I've known it to be as much as two and a half weeks. Punched cards cut that lag to three days. Now, with Ramac, orders received today are in our shipping department tomorrow.

Q. What else does Ramac do for you?

Mr. Houck: The big thing for us is the wealth of information we get now that we didn't—or couldn't—get before. You might say that Ramac puts our management out in the field. With the new sales reports, market analyses and inventory



controls we get now, we know what's going on every minute, and can help our salesmen with positive directions.

# Q. Then you consider Ramac a real sales help?

Mr. Houck: Actually...the right arm of our selling program. Some time back we inaugurated what we call our Never-Out Program. The idea was to keep the retailer constantly stocked with basic garments—those with not too much of a style factor. With our punched card system we could guarantee 48-hour service on a limited portion of our line. We used to do 37% of our total sales volume on that basis. Now we're doing 63% of our volume in Never-Out with Ramac because we can extend that 48-hour service into the high-fashion field and keep our customers stocked with a bigger variety of fast-selling items.

## Q. Any actual cash savings you can point to?

Mr. Quick: Here's where this thing is really paying off. It's taken a tremendous figure out of obsolete merchandise sales—the inventory we used to have on hand at the end of a season. Our business has increased more than two and a half million dollars, and our distress sales are no higher than they were three years ago. When Ramac spots inventory mounting on any item, it calls it to our attention. We can stop production today, and prod our salesmen on it tomorrow.

## Q. So percentage-wise you're way ahead?

Mr. Quick: Very definitely! Another thing...in spite of doing a lot more business, our general administrative expense was exactly the same this year as it was last, to the tenth of a percentage point. We have to give Ramac credit for that, too.

Now, how about growth? How does Ramac fit into your growth plans?



"We get information on schedule now, and you'd be surprised how that eases your mind."

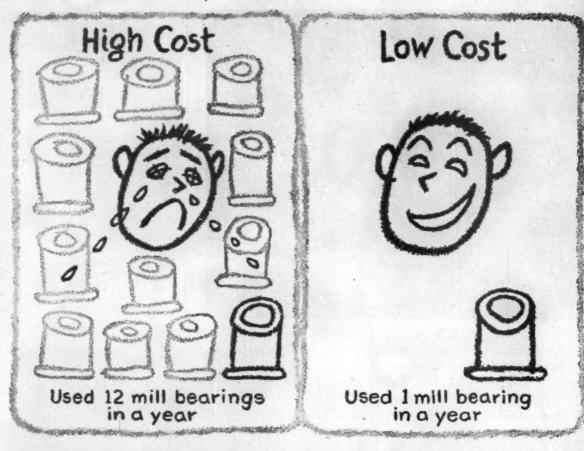
Mr. Quick: It's flexible enough to grow with us. We've already had occasion to prove that. In fact, we look to Ramac to speed our growth.

# Q. Didn't this switch to Ramac involve some fairly major dislocations in your day-to-day operations?

Mr. Houck: Not at all! IBM showed us the way. But we're rather proud of the part our own organization played in the cut-over. One of our former machine operators, for example, went to an IBM school and developed into a first-class programmer. That's given us the chance to introduce a lot of our own ideas into our programming. But the big thing has been the service and experience IBM put at our disposal. That's something money can't buy.



INTERNATIONAL BUSINESS MACHINES CORPORATION SOO MADISON AVENUE, NEW YORK 22, NEW YORK



Before madern lubrication practice took over: \$2,400 worth of these bearings were replaced to keep a 35" mill rolling for twelve months.

After assignment of a qualified lubrication engineer: one bearing (\$200) served for a year, saving \$2,200 a year, plus other savings.

# Lubrication plan extends parts life—in this case, 12 times

We've just talked to a manufacturer who, in the past three years, has at least doubled the life of lubricated parts; and, in one case, increased the life of a large, expensive bearing twelve times! The same manufacturer succeeded in getting 312,000 tons of production on another bearing where 30,000 to 40,000 tons was the accepted average.

This may be a clue to industry management in general that taking lubrication practice for granted can cost enormous amounts of money in parts, lost production time and maintenance.

Developing opportunities for using modern lubrication plans like this, to turn regular losses into definite income, becomes a management function. And the management teams of quite a few major manufacturers are digging into their lubrication practices with the sole aim of making moving parts in operating machinery last longer.

Large companies find that the services of a plant lubrication engineer pay off. He can extend parts life, eliminate downtime, reduce the number of rejects (even save on lubricaat cost) and otherwise add to income. Both here and in cases where operating budgets preclude a staff member, Texaco's organization of Lubrication Engineers functioning in all 48 States, can offer specific assistance. A more detailed discussion is

available in an enlightening booklet: "Management Practices That Control Costs Via Organized Lubrication." Write The Texas Company, Dept B21, 135 East 42nd Street, New York 17, New York.

TUNE IN...Metropolitan Opera Radio Broadcasts Every Saturday Afternoon



LUBRICATION IS A MAJOR FACTOR IN COST CONTROL

(PARTS, INVENTORY, PRODUCTION, DOWNTIME, MAINTENANCE)

# **BUSINESS OUTLOOK**

BUSINESS WEEK MAR. 29, 1958



Construction activity should get a push soon if just a part of Washington's speed-up plans are adopted.

Public works are seen, by proponents, as a sure way of creating both jobs and purchasing power (as well as pleasing voters back home).

What people don't realize is that aid may be coming none too soon. Construction shows signs of relapsing along with the general economy.

More speed already has been ordered by the Administration in such fields as reclamation, military facilities, and public housing. Congress is pushing even faster action in these same areas plus additional aid to home-building, highways, airports, urban renewal, and the like.

Economists may doubt that such programs can be activated quickly enough to do the job for which they are being groomed.

But opposition might melt away if it became clear that public works were needed by construction itself. (Up to now this has been one of the few really robust-appearing segments of the economy.)

Construction value, as measured by the Commerce and Labor Depts., seems to show year-to-year gains every month. Indeed, dollar volume has set new records for 11 straight years.

But both 1956 and 1957 declined in physical terms. That slide was mainly due to the drop in homebuilding, of course. Other construction, both private and public, grew in 1956. But only public showed any gain in real terms for 1957.

Now evidence accumulates that construction, over-all, is dipping.

- Employment in all types of building (after adjustment for the time of year) has dropped steadily for the last eight months.
- Heavy engineering contract awards compiled by Engineering News-Record are running almost 20% behind last year (after a 17% drop in 1957).
- Building materials (including lumber, cement, asphalt, and clay products) are behind year-ago figures by 6% or more.
  - · Construction machinery has been in a slump since early 1957.

Larger dollar signs for construction—accurate though they may be—mean nothing if the economy is getting no stimulus from them.

Take the matter of employment. The number of workers in contract construction, as noted, has been sliding ever since last summer; February ran 10% below the same month last year.

Moreover, hours worked each week also have been declining.

Construction activity in the immediate future is hard to figure.

Homebuilding remains a main hope for 1958, but it shows no sign of getting any major impetus from approved and pending programs (page 23).

The highway program, on the other hand, will be strengthened. The only question is when we'll reach the concrete-pouring stage.

Industrial construction will be a steadily dwindling portion of the de-

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK MAR. 29, 1958 clining plant-and-equipment total. And it's questionable that even the office building boom will carry very much higher.

You encounter the widest difference of opinion on housing prospects. Take these three statements in recent days from qualified experts:

- Donald D. Couch, vice president of American Radiator & Standard Sanitary, estimates a 7.1% gain in value of residential building in 1958.
- Harold P. Braman, managing director of the National League of Insured Savings Assns., sees no gains unless "the industry cuts cost to the bone, concentrates on lower-priced housing," and sells hard.
- Adrain R. Fisher, Johns-Manville chief, expects sales of building materials to get worse before they get better.

That stirring in copper (BW—Mar.15'58,p38) has turned into the best market the trade has experienced in nearly two years.

This must be viewed in perspective, however. Buying has by no means assumed boom proportions, nor does it prove conclusively that the bottom has been passed and that the future is nothing but orchids.

The story, so far: Users, who long had been on a hand-to-mouth basis, have moved quickly to protect themselves against a price rise.

Purchasing agents who have contracted for metal in the last few days are quite aware that there's no scarcity of copper.

Refiners overproduced by about 25,000 tons during February; they have added fully 40,000 tons to stocks since November.

The 200,000 tons they had on hand as March started weren't too far short of two months' needs at the recent rate of shipments. And mine output, now curtailed, could be stepped up at a moment's notice.

People who ignored the copper statistics and bought early have the satisfaction, at least temporarily, of feeling they got a bargain.

Twice in the last few days custom smelters have gone up 1/2¢ a lb.

That carries their price up to 24¢ a lb., leaving them only a 1¢ advantage against the 25¢ still quoted by the major producers.

Drastic curtailment of petroleum production has not reinforced the price structure, but many observers believe the worst is over. This is true, they feel, even if new curbs on imports are ineffective.

Crude output has been cut at the well, and product output at the refinery level. A cold February cut stocks of burning oils.

McGraw-Hill's Petroleum Week figures things are brightening even if 1958 demand fails to top 1957. And the Chase Manhattan Bank's monthly review sees signs of improvement in both supply and demand factors.

Hard times note: Arkansas has decided you can fish free if you sit on the bank and use only pole and worm. You'll be fishing for food. But use any other tackle and you have to buy the new \$2.50 fishing license (which all fishermen would have had to have but for this new ruling).



Illustration courtesy of GLASS CONTAINER MANUFACTURERS INSTITUTE, INC.

## How starch specialties improve baby foods

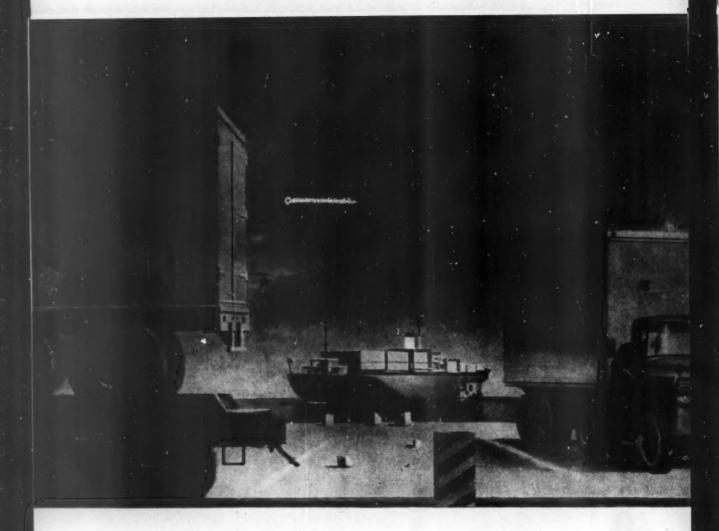
No food eaten during a lifetime is prepared with greater care than today's baby foods. They are made from the finest, freshest fruits, vegetables and meats. All expertly processed to retain precious growth-building health values and baby-pleasing natural flavors.

Only carefully selected starch specialties, produced under the highest standards for quality, are used.

National starch specialties for baby foods impart smoothness, body and a soft, tender consistency. These characteristics as well as full clarity, natural color and delicate flavor remain unchanged during long shelf life.

National is a major producer of starch specialties—not only for baby foods—but for all foods from soups to desserts where the unique characteristics of National's starch specialties materially improve the product rather than act as a mere thickener—again the result of selective research and development.





# Trucks...driving ahead on road, rail, and sea

Piggyback and fishyback hauling add new dimensions to transportation

Today, trucks carry just about everything just about everywhere. Last year, for example, they traveled over 115 billion miles in the United States, carrying billions of tons of freight. To cover this much ground fast and efficiently, truckers have had to employ new techniques, new equipment, and new roads.

Trailer trucks now ride the rails loaded piggyback on flat cars - thus combining long-distance rail economy with door-to-door trucking service. And they go to sea - loaded fishyback on ships. Standard-type trailers are merely driven aboard. Container-type trailers are hoisted off their wheels and stowed in the hold like giant trunks.

On the highways, "two-way specials" carry one type of cargo on the outgoing

trip and a different type on the way back. Other improvements in body and cab designs are constantly increasing vital pay-load capacities.

Modern truck terminals now provide the latest in bulk-handling methods and equipment. These facilities speed local distribution, save shippers money.

The rapid development of trucking as a major industry has required constructive financial counsel as well as large amounts of money. Trucking companies and truck manufacturers find both at First National City. Here

they can work with bankers who know

all phases of the industry.

Because the United States is the world's leading exporter of trucks and trailers, First National City's 71 Branches, Offices, and Affiliates overseas are of special value to the industry. They supply vital market and credit information, provide necessary financing, and assist in many other ways.

You'll find bankers at First National City who understand your business thoroughly, too. Why not discover for yourself how their services can help you?

#### The FIRST NATIONAL CIT of New York World Wide Banking



CARRY FIRST NATIONAL CITY BANK TRAVELERS CHECKS ... SAFE ... SPENDABLE ANYWHERE

# **Housing Makes No Promises**

 Many have been looking to homebuilding for a comeback that would lead business out of its recession by spurring construction industries and durables.

But even with proffers of federal aid, builders see little hope of an upswing anytime in first half 1958.

"At best, we'll hold the line," they say—and blame recession jitters for scaring off customers.

The nation's homebuilders have little hope that their industry will gain fresh life-anytime in the first six months of this year, anyway. The federal government's latest moves to spur home construction have not changed builders' pessimism about the chance for a substantial gain. Only a handful of builders—and these only in the smaller cities-expect to sell more homes

this year than last.

These are the major findings of a survey of the homebuilding industry made this week by BUSINESS WEEK reporters. They indicate that if homebuilding is to make its predicted upswing in 1958 it can only come late in the year. They also imply that other industries cannot count on homebuilding to help pull them out of their slump. . Cost, Not Credit-For the first time in two years, builders pretty much agree that tight credit can no longer be blamed for their slow sales. A few still say that mortgage terms should be lengthened from 30 to 40 years, that downpayments on government-insured mortgages should be reduced still further. Some who strenuously blamed tight money for their predicament say now that they just don't know what's wrong. But in increasing numbers they're saying: "We have been trapped by rising costs so we have priced ourselves out of the big market" . . . "I'm not building any this year, the market's already flooded" . . . "For all the new housing bill, I see no chance that we'll do better until business generally does better."

#### I. Washington's Aid

That new housing bill-still awaiting Pres. Eisenhower's signature at midweek-is said by its backers in Congress to be strong enough to boost housing starts by 200,000 this year. Last year, the homebuilding industry started a total of 991,000 houses. (In 1956, the total was a little over 1-million.)

The bill aims to achieve this chiefly by: reducing downpayments for Federal Housing Authority insured mortgages; extending the Veterans Administration mortgage program for two years and raising interest on these loans from 41% to 41%; authorizing the Federal National Mortgage Assn. to buy an extra \$1.5-billion worth of VA and FHA mortgages from private lenders; ending all discount restrictions on VA and FHA loans.

• Holding the Line-Despite the claims of the bill's backers, the majority of builders and lenders interviewed this week by BUSINESS WEEK reporters say that at best the bill will only keep the homebuilding industry from de-

clining further this year.

'In New York a major mortgage lender says: "The new bill may create a demand for another 200,000 homes this year-but whether it will spur the building of another 200,000 is another matter. Today, most potential buyers whose mortgage applications we reject simply cannot meet the monthly payments. A reduced downpayment won't help these people; in fact, it'll only hinder them more.

In San Francisco, builders have the same view. Says Pres. Andres Oddstad of Oddstad Homes, Inc.: "The FHA must take more than just the income-topayments ratio into account. It should consider a buyer's secondary jobs, potential for advancement, and so on."

And for the same reason, a Philadelphia Home Builders Assn. official predicts housing starts there in the first six months of this year will sag below

those of the same period last year.

• Brighter Spots—There are some brighter spots in a few areas of the nation. In Dallas, for example, one builder has sold 195 homes in the five months since mid-October-as many as he sold in all the preceding 10 months. He says, "The city is expanding as fast as ever, and we know we're better off than builders in almost any other part of the country.'

But in the centers that account for so much of the national total of housing starts-in New York, Chicago, Philadelphia, Los Angeles, San Francisco, Boston, and Detroit-few, if any, builders anticipate more activity this year

than in 1957.

#### II. Costs and Prices

Naturally, builders everywhere blame recession jitters among buvers for their slowing sales. The rate of those sales is reflected in government figures that show housing starts in January at an annual rate of 1,030,000, and record a dip in February to a rate of 890,000. Federal officials, without giving any figure, say the rate has picked up in March. But most of the builders to whom BUSINESS WEEK reporters spoke this week say whatever gain they made has been small.

· Heading Up-Confronted by these recession jitters, the builders are worrying about the cost of their product. In many areas they expect increases of 3% to 5% in their costs this year, and say they can do little to avoid passing these increases on to buvers. Savs Milwaukee builder Joseph Sileno, "Any builder who cuts prices will be cutting his own throat. It's too dangerous this year to depend on volume." Costs of materials have remained fairly stable, but labor costs are increasing steadily, say most builders.

In a few centers, builders are trying to hold down prices by producing "economy" homes. Says one West Coast builder: "Maybe we're in something like the automobile market, where 'economy' cars are doing better than ever." In Los Angeles, several builders are trying the "economy" package by putting up homes without the usual built-in kitchen appliances-and then offering the appliances as options.

But in many East Coast centers the

builders say they have no room to cut costs. "As land gets scarcer, lots quickly become more and more expensive to buy and develor" says a Boston builder.

buy and develop," says a Boston builder.
One in Philadelphia adds, "We just can't build anything under \$14,000."
Others in both East and Midwest shy away from building "economy" homes because they're sure the best market still lies in the higher-price brackets (BW-Nov.10'56,p86).

#### III. Where's the Demand?

All through the tight money era, most of the nation's builders insisted that demand for homes was high and that they were being blocked from their market only by monetary policies. Many still say that potential demand remains high and claim that recession jitters are blocking them now. But increasing numbers are wondering whether high demand really does exist.

Scarce Customer—In Portland, Ore., builder John Baker puts it this way: "The first-purchase customer is the one we really depend on. He's few and far between nowadays. And you need a flock of first-purchase customers if you're to get the industry moving again."

In most of the major metropolitan areas, builders report no shortage of "lookers." But they're wondering whether many of these people are really serious. In Philadelphia, one builder says: "People shop around on Sundays, all right, but I suspect sample-house inspecting has replaced the family Sun-

day drive."

Last week, market analyst Stanley Edge told the West Jersey Home Builders Assn. that the average home buyer spends from six to nine months looking at about 11 sample houses, and revisits four before he signs the purchase agreement.

An FHA official in New York says part of the cause for the slow business of the area's homebuilders is that prospective buyers find it increasingly difficult to meet the climbing cost of commutation and of real estate taxes.

• Rent vs. Buy—From Washington last month came a study, published in the Labor Dept.'s Monthly Labor Review, that points out: "Many families were prompted to buy homes during the past seven years [because] housing expense was considered to be less than rent. . . . This situation probably no longer favors prospective buyers. While rents have advanced 22%, housing expense for new homes with FHA-insured loans rose by 39%."

This changing cost ratio is being reflected in steel and concrete in the larger cities. In Los Angeles, more than 50% of housing permits issued in February were for rental apartment buildings. In San Francisco, where a trend

toward apartment building began late in 1956, more than 45% of all dwelling unit permits issued for the area were for apartments. In New York, builders sought FHA insurance for mortgages on 21 new rental apartment projects from January to mid-March this year, compared with 13 in the same period last year. In the first three weeks of March, the FHA approved 10 of the year's applications.

In smaller cities, this trend doesn't apply. But in the larger cities it could be siphoning potential buyers out of

the home market.

• Short Run-That, anyway, would be a long-term trend in the housing in-

dustry. For the shorter run, all but a few of the builders interviewed by BUSINESS WEEK this week look for no gains in their industry through most of this year, see at best a holding of the line.

The recession jitters, many of them say flatly, will keep their customers away. Some tell their prospects, "This looks like a good time to buy because inflation is coming next year or in 1960." But even these builders report slow sales and say that people who have a place to live now seem chary about moving while headlines in their newspapers talk so much about recession and unemployment.

# New Projects Feel the Knife

#### New Plant and Equipment Programs

Total Cost, When Complete, of Projects Initiated in—

(Billions of Dollars) 1957 1958
Manufacturing . 14.05 9.85
Durable goods 6.42 4.02
Nondurable
goods . . . . 7.63 5.83
Electric utilities\* . 4.45
Gas and other
utilities . . . 1.49 1.76

\* Includes mixed electric and gas utilities. Data: U. S. Department of Commerce, Office of Business Economics, and Securities and Exchange Commission.

Two factors behind the drop in business spending for new plant and equipment this year (BW-Mar. 15'58,p25) were revealed this week by the Dept. of Commerce:

 Manufacturing executives are ordering a 30% cut in projects started this year, compared to 1957 (table, above).

• Durable goods manufacturers are expecting a 5% drop in sales compared

to last year.

The information was obtained in the January-February survey of plant and equipment spending plans, taken by Commerce and the Securities & Exchange Commission.

Sales expectations of other lines of business are more cheerful than those of durable goods manufacturers. Some -such as food and beverages, paper, chemicals, and utilities—are predicting healthy increases.

 Outlook in Sales—In the past, these prophecies have often missed the mark—understating rises during a boom and declines during a slump. But, as of early this year, here is how some industries expected 1958 sales to compare with 1957's:

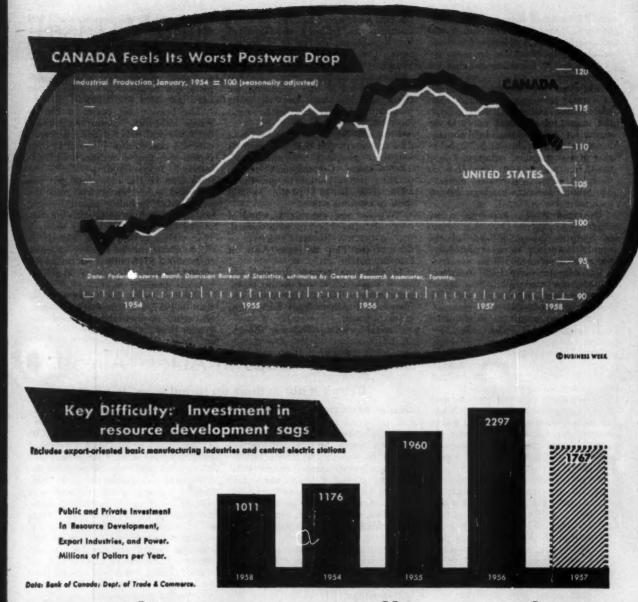
	Percent
Sales	Change
MANUFACTURING	-2%
Durable goods	-5%
Primary iron and steel	-12%
Primary nonferrous metals	-6%
Electrical machinery	-1%
Other machinery	-4%
Transportation equipment,	
including motor vehicles	-12%
Stone, clay, and glass product	15 +1%
Nendurable goods	+1%
Food and beverages	+3%
Textile mill products	-2%
Paper and allied products	+3%
Chemicals and allied products	
Petroleum and coal products	
TRADE	+1%
ELECTRIC UTILITIES	+8%
GAS COMPANIES	+12%

Source: U.S. Dept. of Commerce office of Business Economics, SEC.

• Innovation—The comparison of new projects this year and last is something new in the surveys. Information was gathered in a new set of questions designed to bring out the year-to-year trend, and also to break spending down between work in progress when the new year began and work begun during the year. In manufacturing, for example, anticipated expenditures for 1958 total \$13.2-billion—\$6.12-billion for work in progress and \$7.08-billion for new projects.

The decline in new projects alone is 30%, and it accounts for most of the 13% over-all decrease in spending expected during the year. It has always been assumed that work already in progress responds much more slowly to a decline in business than starting of new projects does. But analysts have never had any dependable data. The new series is accompanied by a warning that the effort cannot be judged for dependability until after

several years' experience.



# Canada Goes to Polls in a Slump

On Monday, Canadians will go to the polls for their second national election in less than a year—and their first since 1935 to be held during a major economic slump (top chart). The 1935 election put the Liberals in power for a 22-year stretch broken only by their upset by the Conservatives last summer (BW-Jun.29'57,p48).

This time, the Conservatives seek to expand their minority control of the government. Prime Minister John G. Diefenbaker dissolved his short-lived regime in late January with the determination of winning a clear majority.

• Promises, Promises—Never before

have Canadian voters been cajoled by

such lavish promises as in this campaign. Nervous politicians on both sides are catering to an equally nervous country, doing their best to guarantee a way out of woes that have suddenly fallen upon a booming economy.

The Conservatives pledge to prime the pump with large-scale public works projects, to speed up the nation's economy before unemployment and reduction of private expenditures get any worse. This program includes \$1-billion for development of the mineral-rich Far North. The Liberals, headed by world diplomat Lester B. Pearson since December, offer even more fiscal relief if they win-a \$400-million tax cut out

of an estimated annual collection of \$1.65-billion.

Behind the campaign ballyhoo, however, stands one gloomy fact: No matter which side wins, it won't be able to do anything much about stemming the recession until the new parliament meets, perhaps six or eight weeks after the election.

• How Deep a Trough?—Canada shared with the U.S. the postwar recessions of 1948-49 and 1953-54, but this one is something new in the way it hurts. Each of the earlier slumps was painful to a different sector of the economy—1948-49 marked the end of pent-up wartime demand for consumer durables, 1953-54

was the cutoff of Korean War defense business. The current recession is part of a worldwide lack of demand for basic raw materials, which are far more important in the Canadian than in the

U.S. economy.

The chart (page 25) shows expansion of capital spending by Canada's resource-based industries, and suggests the impact of a decline in world de-mand for commodities. In February, newsprint production was 8.7% below that of a year earlier, reflecting a drop in U.S. consumption (the U.S. is Canada's biggest newsprint market). The mining industry has been cutting back since last spring.

By mid-February, according to unadjusted figures of the Dominion Bureau of Statistics, about 550,000 of the country's working force of 5,869,000

were jobless-nearly 9.5%.

Car sales are down 19% in eastern Canada, compared with a year ago at this time, and large trucks are 25% behind last year's sales pace.

Corporation profits in third-quarter 1957 sagged 10% below the 1956

 How Much Longer?—As in the U.S., inventory cutbacks became noticeable in the last quarter of 1957, and economists think they are continuing.

The upturn may well come by mid-1958," says Donald Armstrong, Montreal industrial consultant, "but it will be shallow and temporary unless the Americans have solved their recession problem by that time, which doesn't look likely.

Armstrong sees a seasonally adjusted drop in gross national product in the first half of 1958 but predicts that the year as a whole will show a gain

of 1.5% over 1959.

· Government Action-As they had promised during last spring's campaign, the Conservatives switched to deficit financing of the government. The shift proved to be well timed to counter the recession. Since last September, the government has:

· Pumped \$300-million into lowcost housing loans. The Dept. of Trade & Commerce predicts a 15% increase

in new housing units this year.

• Pledged \$67-million in new fedgrants to the provinces.

 Cut the automobile excise tax from 10% to 71% and personal income taxes by about \$146-million, of which \$29-million falls in the fiscal year that ends next Monday.

Increased old age pensions and

benefits for needy veterans.

The Bank of Canada, the nation's central bank, has cut the discount rate from its high of 4.33% last August to 2.67% last week. Some economists say this easing came too late and too slowly to accomplish much. Says one Toronto economist: "Now that we have watched our own government take its time about easing money, we must wait to see if the Republicans in the U.S. do the same. The way things are going now, Washington's next move is even more vital to Canada than Ottawa's. What makes it worse is that Americans are characteristically too late in using monetary and fiscal remedies to end a recession.

· Prospects-Nevertheless, most Canadian economists feel that the country's long-term prospects are unimpaired. The Gordon Commission's report, painting a rosy picture of growth to 1980 (BW-Jan.19'57,p140), is still fresh in everyone's mind.

"We are now entering a period of normality after 15 years of abnormality," is the way Robert Fowler, president of the Pulp & Paper Assn. of

Canada, puts it.

In February, exports dropped 6% below year-ago, but the future of exports remains bright, economists say. They regard such monthly fluctuations as insignificant.

· Capital Spending-This year, though,

as in the U.S., the economy will feel the effect of a sizable cutback in business capital spending. According to the usually accurate investment survey of the Dept. of Trade & Commerce, companies will spend \$5-billion on new plant and equipment, a 12% decline from last year's \$5.7-billion.

The heaviest cut comes in the resource industries. Companies turning out forest and mineral products (chart, page 25) plan to slice 40% out of their capital spending-a decline from \$1.1-

billion to \$655-million.

In Canada, the economists put private and public investment into the same basket, including private housing and public facilities along with business capital spending. The survey shows a 1958 decline of only 2.2%, over-all. A \$220-million rise in housing expenditures and a \$316-million rise in public projects nearly offset the \$700-million business spending decline.

However, prices are higher in 1958 than in 1957, and that makes the overall decline in physical terms somewhat

greater than 2.2%.

# Everything Goes in Autos-Almost

Detroit is out to drum up spring sales, but Birmingham dealer finds promotion aimed at pricing system can go too far.

Spring is here-and with it the test of Detroit's hopes for an auto market upturn (BW-Mar.1'58,p23).

This week it became apparent that the auto industry is determined to find the key to its hope chest-but not to the point where it will go along with individual dealer stunts that might threaten its price and distribution sys-

The reservation was made plain when O. Z. Hall, Birmingham, (Ala.) Ford dealer, suddenly decided to drop a promotion aimed at the heart of the auto

pricing system.

• Telling All-Hall simply posted notarized, photostatic copies of his factory invoices on each new car in stock, including taxes, transportation, and options. Then he added a margin of anywhere from 4% to 12%, to arrive at the posted selling price. His point, he told the public, was that he thought consumers were confused-and hence not buying-because of wide pricing variations from dealer to dealer and "unrealistic list prices and price packs."

On a Fordor Custom 300, with automatic transmission, the invoice showed a total of \$2,068.36. Hall's price: \$2,-275.19, a 10% markup. The list price in Birmingham for the same model: \$2,768. Hall is granting lower trade-ins, however, so his actual prices are about the same as other dealers.

· Off Again-Less than a week after he

started the scheme, Hall withdrew it. At one point he displayed a telegram from the Ford district office that said it "would suggest . . . program be discontinued." He ignored the advice. But, Hall says, finally "such a clamor was set up by other dealers about using the invoices that, in the interest of harmony, we decided to discontinue.

But he insisted that the agency will continue to sell cars at the markups previously announced, displaying verified disinflated price several hundred dollars under so-called recom-

mended list prices.

· Private Matter-In Detroit, Ford Motor Co. had no comment on the hassle. But the reaction among industry observers was that Hall was revealing what is regarded as a private transaction between manufacturer and dealer. What dealers object to particularly is revelation of prices on optional equipment, where markups are substantially greater than on the auto itself.

· Detroit's Way-Meantime, the industry's own idea of how to get its huge inventory on the road will become evident nationwide this month. The five auto-making companies and their dealers are cooperating to promote "You auto buy now" auto-week campaigns in some 18 major cities.

This is an outgrowth of the Cleveland "You auto buy now" drive (BW-Mar.8'58,p48).

# That U.S.-Built Small Car

Decision time is getting near, if Ford or GM is to hit the market in 1959. The problem of marketing is even more formidable than that of design and production.

As each week bites deeper into spring, a major Detroit mystery approaches its climax: Will Ford Motor Co. or General Motors—or both—build a small car for introduction late in 1959? Normally, special tools and big dies have to be ordered about 18 months in advance of delivery. The time to order such items for 1959 delivery is just about at hand.

That's why Ford product-planners are meeting almost daily with their superiors, and the same perhaps is true at GM. Ford apparently is further along in its plans than is GM, as there is a vehicle on a Ford test track that contains most components of a small car. Ford's problem is whether to build and market a vehicle based on those components. And a tough problem it is.
• No Volkswagen-What Ford and GM are thinking about as a "small car" is by no means a U.S.-built type of Volkswagen or even Renault Dauphine, although it has been the sale of such small European cars as these that has created the problem for Ford and GM. Rather, the U.S. small car will have a wheel-base around 100 in. (VW, 94 in.; Dauphine, 89 in.) and be several inches lower than the VW or Dauphine.

· New Conditions-That brings up a pair of thorny factors. To achieve the lowness that Americans are used to without losing littleness, both engine and transmission have to be close to the drive wheels-either front or rear. This creates a whole new set of conditions for engineers who are accustomed to plenty of room to dispose of the transmission, drive shaft, and differential. To take full advantage of the relocation of the power train, the car would preferably be of integrated construction (no frame). This creates a whole new set of conditions for production men, including the fact that-except for the American Motors Corp. facilities and the Lincoln-Thunderbird plant—there are no assembly facilities in this country for a car of integrated construction.

An additional engineering and production problem is the engine for a small car. It will have to be either a 4-cylinder or 6-cylinder job, and smaller than existing sixes to give the desired economy in operation. At the moment, a 6-cylinder engine seems to be the best bet, and GM reportedly is asking for bids on tooling a horizontally opposed 6-cylinder, air-cooled engine-presumably the bids are to check costs, not actually in preparation for orders.

• Is There a Market?—Frame and en-

gine are, after all, the day-to-day obstacles that engineering and manufacturing executives expect to meet and conquer. Cars of the type described have been designed and engineered on paper; manufacturing space can be found. The most serious question that has to be answered this spring is the obvious one: Is there a market for a U.S.-made small car?

The easy answer, of course, is to look at the sales in this country of imported cars and scream, "yes." For three years, U.S. sales of imported cars—overwhelmingly of small ones—has doubled each year, hitting 206,000 last year, which means 3.5% of the entire U.S. automarket

• The Unattainables—Even assuming the growth pattern continues this year and imports hit 400,000, there are a number of factors with which a U.S. manufacturer has to wrestle. For one thing, Volkswagen, while no longer completely dominating the market, still accounts for nearly 30% of imported car sales. That means nearly one-third of small car buyers obviously have no interest in the type of styling Detroit thinks is salable. There is another large bloc of people—no one knows how large—who seem to buy the cars just because they are imported.

When you get the buyers of imported cars sorted out, you wind up with a small car market in the area of 200,000 cars a year that Detroit products might crack. Under certain economics, even a market of this size could be attractive—although as Business week reported Jan. 11, Ford has been readying plans to bring out its small car only when the total car market climbs to around 500,000. But even a hefty piece of a 200,000-car year is not the sole determinant.

• How to Market Them?—How would a small car be distributed? Up to now, at least, the project at Dearborn is in the hands of the Ford Div. Over at GM the small car seems to be under Chevrolet's wing (an irony, inasmuch as the 1959 Chevrolet will be as big as a Buick).

Putting a small car into the Ford Div. creates a very interesting marketing picture. The Thunderbird now is a four-place luxury car selling at the high end of the medium-price class. The Ford Fairlane 500 is priced at the end of the medium-price class, with extra equipment easily pushing it up into the middle of that bracket. The only so-

called low-price cars the Ford Div. has are the Fairlane and Custom 300-and both are several hundred dollars above the usual range of imported small cars. · Full Line-A small, lower-priced car would mean that Ford Div. would be a full-line marketing organization—which is exactly what Ford Motor Co.'s M-E-L Div. has become with the addition of the British and German Ford cars to the line-up of Edsel, Mercury, Lincoln, and Continental. But there is one enormous difference between the two divisions. M-E-L Div. has separate dealers for its lines. They are dualed under certain circumstances, and dualing of the British and German cars with the Edsel and Mercury will become more common. But Ford dealers would have all lines of cars under one roof and one selling force unless a separate dealer corps were recruitedand the Edsel experience in such re-

crniting has been rather sobering.

What all auto company marketing men are studying—including those at Chrysler, which has no small car plans right now—is how you manage a dealer sales force that is expected to sell two contrasting vehicles and give full concentration to each. Up to now, this has not been done.

The beauty of an imported small car franchise to an auto dealer has been that little sales effort has been necessary. The cars have been in short supply—there has been no demand from the foreign factory to move so many cars by the end of the month. But that is not the American automobile marketing pattern

keting pattern.

• Pressure to Sell—U.S. auto manufacturers, who certainly have given no indication of change, gear up a factory to produce and sell at least a certain number of vehicles a year. Dealer territories are carefully analyzed for potential, and dealers are encouraged and helped to attain that potential. But a small car in a Ford or Chevrolet dealership would be there because of a presumed consumer revolt against the existing Fords and Chevrolets.

• Time to Decide—So what Ford and GM are faced with in studying small cars is not a financial, engineering, or producing challenge, but a challenge to develop what would amount to a new marketing concept. And they have little time in which to decide.

Until the 1958 sales trend of the imports is clearer, logic calls for delay. But both GM and Ford are afraid the other won't delay. And if the small car market continues to grow, the one that isn't in it for the 1960 surge has lost not one, but several years. So, despite sound reasons against it, both companies likely will soon put out some tooling orders—but not so many that they couldn't pull back and wait without too heavy a financial loss.

PRIME MINISTER Eamon de Valera, in a fresh approach to the Emerald Isle's economic problems, is breaking with a 25-year-old policy that discouraged foreign investors.

# **Eire Plays**

This month, regular as swallows, Irish Republican leaders flew into the U.S. to help celebrate St. Patrick's Day. But this year they had an additional mission—to try to get U.S. business to invest in Eire and thus give a boost to Dublin's Industrial Development Program.

This new program is designed to reduce Eire's dependence on agriculture and to lift the country out of its economic stagnation. It involves a complete break with protectionist policies that for 25 years have discouraged investment from abroad.

The real question now is whether Eire is too late. North Ireland stole a march on the South several years ago by launching a similar program to attract U.S. investors.

• Bait—Under its catch-up policy, the government of Eamon de Valera (left) soon will offer two enticements:

• A liberal investment climate, plus special inducements such as government grants for plant construction and personnel training. Under pending legislation, all income and corporate taxes on new export industries will be waived for at least five years. Then, in a break with past policy, the government plans to allow foreign control of any company whose principal business is aimed at export—providing that 50% of its voting shares is offered to Irish investors on the Dublin and Cork stock



GUINNESS brewery, a landmark in Dublin and one of the country's big industries, uses dray horses, clings to Old World methods.

COPPER MINE in Eire's Vale of Avoca is operated by Canadiancontrolled St. Patrick's Copper Mines, Ltd.

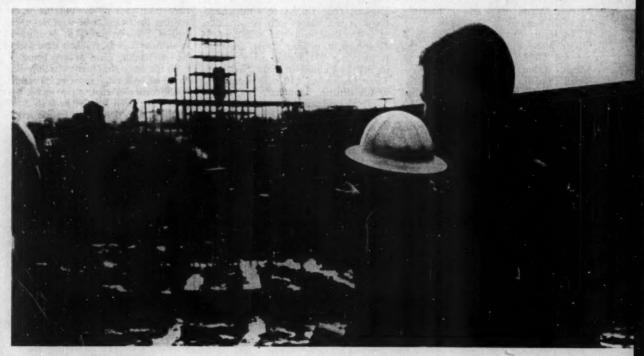


# Up to U.S. Investment Dollars



DEPRESSED SOUTH leans uncomfortably on farming—including some "agricultural slums," says to one Eire official.

BUSY NORTH attracts ventures such as Chemstrand's new plant (below), one of nearly 130 newcomers since 1945.



BUSINESS WEEK . Mar. 29, 1958

exchanges. Moreover, new investors will be guaranteed freedom to transfer their profits in dollars at any time.

• A free port program similar to the Colon Free Port in the Panama Canal Zone, aimed at turning the entire Shannon airport area in Western Ireland into a manufacturing, process-

ing, and export center.

• Progress-The prospect of member-ship in the Free Trade Area is partly responsible for the quickening of Eire's economic pulse-the government al-ready has chalked up some successes. Last week, Reynolds Metals Co. signed a contract with Unidare Ltd., of Dublin, to make aluminum foil and later to manufacture sheet aluminum under licensing arrangements. And a U.S. chewing gum maker-Leaf Brands Inc. -is interested in a packaging plant for

export markets.

Development of large copper and lead deposits already is under way. A \$34-million refinery—a joint venture of Caltex, Esso, and Shell—is going up near Cork. And there are plans for turning the huge Shannon estuary into a terminal for handling 100,000-ton supertankers. Apart from new projects, American, British, Swedish, Dutch, and German interests have invested in machine tools, cold rolling of steel, pharmaceutical products, swim wear, and washing machines. Last year, Ford Motor Co. which assembles English Fords at a Cork plant, exported \$3million worth to U.S.

South Ireland also has a profitable tourist industry. Last year, U.S. travelers brought in \$20-million, and visitors from Britain and West Europe about £25-million. A compelling factor is that Ireland offers one of the best

vacation bargains in Europe.

To insure Shannon's position as a major intercontinental airport in the jet age, Dublin has launched a transatlantic airline, Irish Air Lines (BW-Feb.1'58,p76), using Super Constellations to feed tourists into Eire. Also, it is building a huge runway for jet transports at Shannon Airport.

· Day of Reckoning-There are good reasons for the de Valera government to bid for foreign capital. Since the end of World War II, the country has lived off the surplus accumulated during the war when, as neutrals, the Irish were heavy net exporters. But a series of trade deficits over the past few years has depleted Dublin's reserves.

The nation's real problem is its uncomfortable dependence on agriculture, which accounts for 70% of its exports. Cattle exports, mostly to Britain, brought in 35% of last year's export income. Until last year, blooded horses, whiskey, and tweeds led the list of U. S.-bound goods.

Eire's dependence on agriculture wouldn't be so bad if its farms were

really efficient. They are broken up into small unprofitable holdings that-according to Sean Lemass, Minister for Industry & Commerce-reduce farming to animal husbandry and soil scratching. It explains why the Republic's per capita income is so low compared with agricultural Denmark, whose land is no more fertile than Eire's.

Unemployment is high, too-over 9% of the work force. Lack of work and lack of opportunity force a sizable annual emigration, helping to put the country's population in 1956 at the lowest figure

ever-2.9-million.

· Snags-Despite its fresh approach to Ireland's economic troubles, the de Valera government may not find easy sledding for its new policy. There is the fact that Eire-despite its high unemployment rate-is short on skilled labor. However, de Valera hopes that once jobs are in prospect, skilled work-

ers in Britain may return.

• Competition-Another problem is the competition Eire will get from Northern Ireland. Already, the North is well ahead in the quest for U.S. dollars. It has copied Scotland's successful semi-government Scottish Council Program for Industrial Development. The Northern counties also have advantages in power facilities and skilled labor. In addition, with its unemployment rate near 10%-the highest in the British Isles-the North is getting the full backing of the British government in its bid for U.S.

Four U.S. companies already are established near Belfast. They are subsidiaries of Berkshire Knitting Mills, Behr-Manning Co., Mission Mfg. Co., and Hughes Tool Co. Also, Chemstrand Corp. is well along with construction of an Acrilan plant that will produce 10-million lb. of fiber a year. Du Pont is investing \$16-million in a plantits first in Europe-to make Neoprene. These are among 130 new companies, mostly British, that have set up in North Ireland since the war.

A number of factories have been built in advance by the government for rental to interested companies. At present, an 18,000-sq.-ft. plant at Ballymoney is awaiting a client-at the subsidized rate of 11¢ a sq. ft. for 10 years.

Northern Ireland hopes that its industrial drive will not only help lick unemployment, but will enable it to diversify its industry. Until recently, it has been almost entirely dependent on linen and shipbuilding. Due mostly to these two industries, Northern Ireland has a much longer industrial tradition than the South.

Even so, farming is the largest single industry in Northern Ireland. But agriculture accounts for only a third of the annual value of Belfast's exports, against

70% for the South.

# Ships Lie

Backwash of Suez boom leaves shipping in deep slump-but shipbuilders, looking far ahead, see best peacetime outlook ever.

When you talk of ships these days, you can be as glum or as cheery as you like-depending on which side of the

ship you're looking at.

World shipping fleets are currently suffering from one of the longest slumps in business they have seen for years. Ships that were drawing down premium rates a year and a half ago are lying idle today. But construction of new ships in world shipyards-and particularly in U.S. yards-is booming. In fact, the outlook for private shipbuilding in the U.S. (table) is the best in peacetime history.

· Tied Up-The slump in the shipping business is in sharp contrast to the weeks immediately following the closing of the Suez Canal in the fall of 1956, when shippers were outbidding each other to get tanker or cargo space. Government ships were even pulled out of the mothball fleet to ease the

Now, ships are being laid up because there is not enough business to go around. Tankers, the ones in highest demand when Egypt's Pres. Nasser closed the canal, and Mideast oil had to take the long trek around Africa, are now hurting the worst. Over 100 have been tied up around the world, waiting for business to improve-about half of them in the U.S. Another 30 or so American flag tankers have had to turn to hauling grain to keep going.

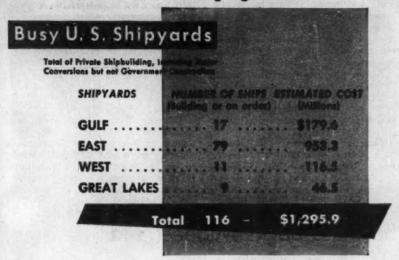
In the cargo ship market, tramp ships living off bulk cargo movements of such commodities as coal, scrap metal, and grain have been hit the hardest. Some of these ships had been transferred to foreign flag operations primarily to escape the high American flag wage scales; now the hunt for cargoes is forcing many to come back under the American flag so they will be eligible to haul foreign aid cargoes.

It is pretty much the same story for the liner services, too-the ships that operate on fixed schedules and routes. So far, these operators have been able to maintain their rates. But reports are that the liners may also cut rates

before long.

 Bad Guess—The shipping market slumped primarily because operators overestimated the effects of the Suez Canal closing. Tanker operators, par-ticularly, pooled ships and cargoes-and that made for more efficient hauling.

# Idle-but Shipyards Go Full Tilt



Other factors contributed to the trouble, too. Europe has had mild winters, reducing needs for oil and coal. Ship operators slapped all available ships into service, and have been slow to retire them. U.S. oil imports have been cut back, and foreign aid cargoes have

Cutbacks in tanker and tramp cargoes always touch off a scramble for business: Tanker and foreign tramp ships cut into the U.S. tramp cargo market, and these, in turn, move into the liner

service trade.

· Paradox-But while the rate market for shipping is floundering, construction of new ships is booming-particularly for U.S. yards. That may seem a paradox. But there is a good reason: The rate market can change almost overnight, while construction is on a long-range basis. It takes a couple of vears to build a ship once the order is placed. So, while the immediate shipping future is gloomy, shipowners are optimistic about long-range prospects.

• Peak-Shipvards around the world are still chock full of work; most have a backlog of orders that will keep them busy well into the 1960s. Value of the work under way or on order is estimated

at \$13-billion.

But the peak of the backlog has been reached. Last summer, world shipvards were building or had orders for 2,830 oceangoing ships totaling 35.0-million gross tons. At the beginning of this year the work load was down slightly to 2,-726 ships totaling 34.5-million gross tons-but still above the year-ago volume of 2,515 ships totaling 29.2-million gross tons.

Current work held by the yards is for 1,080 tankers (22.7-million gross tons), 1,607 cargo ships (11.2-million gross tons), and 39 combination passengercargo vessels (6.6-million gross tons).

Cancellation of ship orders accounts for some of the tapering off. Approximately 60 new ships have been scratched around the world. About two-thirds of these were new tankers-13 were to have been built in the U.S. Shipyards don't expect further order cancellations, though. Primarily, the orders canceled were for speculative tankers being built largely by the big Greek operators, such as Livanos and Onassis, to be chartered out to major oil companies. Construction of these ships is now less attractive.

· Climb for U. S .- Great Britain, Germany, and Japan are still doing the big share of the shipbuilding. Britain has 16.6% of the world total, Germany, 15.7%, Japan 14.7%. The U.S. is eighth in rank, with 6.3% of the total work. But we may be climbing in the

next few years.

The reason is this. Since World War II, foreign yards have been busy rebuilding war-depleted merchant fleets; now the foreign fleets are largely modernized. But little of this has been done in the U.S. Our merchant fleet is almost entirely composed of warbuilt vessels that are becoming outdated. Now these are being replaced.

Government subsidy policy gives this replacement a push. For the bulk of the U.S. merchant marine, the government pays the difference between American flag operating costs and the lower foreign flag costs. When the government does this, it requires the owner to replace the vessel when it becomes 20 years old-and most of the U.S. merchant fleet is approaching this age. (The government also pays the difference between U.S. and foreign building costs-which comes by and large to about 45% of the total cost.)

· Rosy Outlook-That's why the outlook for U.S. private shipbuilding is the best ever for peacetime, with three booms rolled into one:

· Despite the tanker cutbacks, U.S. shipyards still have contracts for some 84 tankers-including major conversions-valued at \$847.4-million. Of these, 22 are for foreign operators. At the peak of the tanker rush, U.S. vards had contracts for well over 100, valued at \$1.1-billion and all privately financed. In the last half of 1957, 25 new tankers were turned out at an estimated cost of \$130-million.

· A big government-subsidized dry cargo ship replacement program is beginning to unfold that holds out the promise of adding an estimated \$3billion in contracts over the next 10 to 15 years (BW-Aug.24'57,p33). In all, about 250 new cargo ships are slated, with about 20 starting each year. Yards now have 116 contracts-including major conversions-valued at \$1.2-billion either building or on order (table).

 Two new passenger ships costing around \$200-million (\$119-million of it in government subsidy) are expected to be built in the next two or three years. One will be a sister ship to the SS United States to replace the aging SS America, the other a Pacific liner for American President Lines.

• New Trends-In rebuilding the merchant fleet, U.S. shipowners are breaking with tradition. In tankers the shift has been to the big supercarriers (BW-Aug.25'56,p79) of 45,000 and 60,000, or even 100,000 tons.

With cargo ships, it's not size but more efficient ways of handling cargo that's getting the play; and the trend is toward container vessels that can be loaded with freight-car-size containers packed before the ship arrives. These can be lifted aboard, stowed in the hold, lifted off again at the destination, and trucked or railed to terminals.

Some companies estimate this will cut port time and expense by around 75%. First container ship in operation -Pan-Atlantic Steamship Corp.'s converted C-4 cargo ship-has run into labor problems in its Puerto Rican run, but these are expected to be worked

So far, nuclear propulsion is still considered too costly for private shipowners. Reports are that Cities Service is thinking of building an atom-powered tanker. Otherwise, it's the government -with its combination passenger-cargo vessel and a nuclear-powered tankerthat's most active in this field.

# Money Back . . .

. . awaits customers of natural gas pipeline companies whose rate increases fall under Memphis case ban.

Every consumer of gas in the city of Denver before too long may be anywhere from \$35 to \$60 richer, on the average, and all because of a court decision-in the so-called "Memphis case"-that has had the natural gas industry wailing since last November.

Denver's gas users may turn out to be the first of millions in the U.S. to collect refunds of rate increases invalidated by the Memphis case. In Denver alone, more than \$70-million in revenues already collected is subject to refund: the nationwide total of possible rebates at issue by June 30 may reach at least an estimated \$300million. Of course, negotiation will trim this figure, but the final settlements will still be substantial, both for the customers and for the companies that must pungle up the cash.

Right now, it's particularly important for the natural gas pipeline companies to settle these rate cases, in order to clarify their future financial standings. Until this is accomplished, the banks and underwriters will continue to be squeamish about lending them money for expansion.

· What Came First-Until the U.S. Court of Appeals ruling in the Memphis case, the natural gas companies had long been raising rates without chal-lenge under a Natural Gas Act provision allowing them to put the increase into effect as soon as the Federal Power Commission had been petitioned for permission. While the rate case was pending, the higher charges could be collected under bond.

This procedure was upset in the case brought by Mississippi Valley Gas Co. and Municipal Gas Co. of Memphis against United Gas Pipe Line Co. The court held that a pipeline company needed specific approval from its customers-in most cases local gas utilities -to put in a rate hike, and that FPC should process the application under a different section of the Natural Gas Act (BW-Dec.28'57,p31). This would require waiting until final FPC approval of the boost to start collecting it.

The decision will be reviewed by the U.S. Supreme Court-but not before fall. And, in any case, the high court will not rule atil 1959.

32

· FPC's Course-In the meantime, FPC's reaction has, in the main, been to give tentative blessings to requested increases but to require stiffer surety bonds. From what FPC Chmn. Jerome K. Kuvkendall has indicated, the commission's official attitude toward the Memphis case is to ignore it, if possible, until the Supreme Court has its say. Some of FPC examiners, though, have been compounding the confusion by recommending rate boosts as usual in one case, taking just the opposite tack in another.

As for the major pipeline outfits, several of them have been dickering with customers over refunds-among them Southern Natural Gas and Tennessee Gas Transmission Co., whose talks recently flopped.

· Haggling in Denver-Negotiations have probably gone farthest in Denver, where the principals are Colorado Interstate Gas Co. and the utilities that buy gas from its pipeline. At issue is some \$70-million collected through four successive rate increases in 1954-57 -plus an undetermined sum taken in so far this year. The boosts, of course, were passed on by the utilities to their retail customers.

An FPC examiner suggested Colorado Interstate rebate about \$40-million of the \$70-million at stake; the company countered with a \$24-million offer. It wants to hang on to enough of the extra revenue to give it a 6% return on investment for 1954-56 and 6.5% from then on.

The company claims it needs this showing to lure new capital. It has \$40million in short-term bank loans outstanding, and it wants \$80-million more to pay its share of the \$182-million Beatrice interchange pipeline to de-liver more natural gas to Chicago and other Midwest markets.

# Business Backs Mideast Aid

Private companies in Western Europe and the U.S. offer their nonpolitical help to develop industry in Arab lands.

The oil-rich but industry-poor Middle East may see new commercial companies sprouting up in the next few years if a broadly based organization, called Middle East Industrial Development Projects Corp., turns its ideas into

MIDEC's essential aim is to draw on the financial, technical, and managerial resources of blue-chip companies in Western Europe and the U.S. to help private Arab businessmen develop new

If successful, the program could play significant role in bolstering the West's deteriorating position in the Middle East. It would provide private, much-needed economic aid to Arab countries with none of the political overtones that have led Arabs in the past to raise the cry of colonialism or imperialism.

 Too Little, Too Late?—Yet MIDEC's opening of a Middle East office in Beirut this week comes at the very time when Egypt's Pres. Nasser seems to be pulling Saudi Arabia into his already powerful camp (page 101). In this atmosphere, MIDEC's birth as an operating organization, partly calculated to win economic friends among the Arabs, looks like an 11-hour effort that could turn out to be too little and too

MIDEC's initial capitalization is only \$250,000-a drop in the bucket compared with the huge oil revenues Arab countries can use for development. But its backers form an impressive list: some 82 companies including Britain's Imperial Chemicals Co., Ltd., France's SIMCA, Italy's Montecatini, Philips in the Netherlands, and six

U.S. participants ranging from the First Boston Corp. to Kaiser Industries. MIDEC's board chairman is Dr. Paul Rykens, formerly chairman of Unilever, N.V. Right now, the organization is asking Lebanese and other Arab businessmen to join-and getting a good

MIDEC's basic role is to act as clearinghouse and catalyst. Its capital is mostly for management services. What it plans to do, is investigate suitable industrial projects and let member companies in MIDEC invest their own money and skills, side by side with local Arab interests, to get these projects off the ground. Companies outside MIDEC can take up the projects-but only after MIDEC members have a first look

· Child of Crisis-MIDEC grew out of the West's setbacks following the Suez crisis. This crisis, plus Nasser's rapid ascendancy, threatened to block European and U.S. companies from Middle East markets.

But while helping Western companies, MIDEC also will work in favor of the Arabs-and, for that reason, has already won favorable comments even from Egyptian and Syrian economists. That's because Arab businessmen will have a majority control in any MIDECinspired company. (MIDEC's fee will be 5% participation in the new company's equity.) And neither oil companies nor governments will be involved in the organization's projects.

Thus, while Nasser has complained about "political strings attached" in obtaining badly needed foreign capital, he won't have much of a target in MIDEC's plans.

BUSINESS WEEK . Mar. 29, 1958



# SINCLAIR CHEMICALS ... MADE FOR MODERN LIVING



by JOHN A. SCOTT, President SINCLAIR CHEMICALS, INC. a subsidiary of

"Sinclair's approach to petrochemicals is a selective one. We concentrate on large volume chemicals produced by upgrading low value refinery materials. These are chemicals used by the growing industries keyed to modern products, such as the synthetic fiber and plastics pictured here. Our approach has worked well. A new unit Sinclair Refining Company is building will, with existing facilities, make us the world's largest marketer o' paraxylene, an ingredient of fibers and plastic films. We are now supplying the main component of a new plastic from the nation's first commercial high-purity propylene plant. With judicious market studies and imaginative process research, we are building our products list. Sinclair anticipates a profitable chemical future."

SINCLAIR OIL CORPORATION . 600 FIFTH AVE., NEW YORK 20, N.Y.

# Steel Hopes On, Despite the Figures

- With only seasonal products showing any bounce, and new shutdowns in offing, 1958 prospects look gloomy.
- But some savvy steelmen expect comeback when inventory drawdown ends, and a mild upturn earlier.
- Lagging autos and stuffed warehouses, though, argue against any spectacular upswing.

In Pittsburgh this week, if you were in the steel business you spent your time flipping a coin—but only because there were no flowers handy from which to tear petals. This was your dilemma:

 If you thought hard about the relevant numbers, and then added them up, it was plain that 1958 can only be a steel year thoughtful men would

describe as frightful.

• Still, if you talked to men who study the markets ton by ton—careful, well-trained men at whose fingertips lies all the information that can be had—you could hear of this strikingly different possibility: While 1958 couldn't in any real sense be a good steel year, it could indeed make a comeback—or at the least, avoid falling as flat on its face as now appears likely.

· Grounds for Hope-These men rea-

soned thus:

More steel is being consumed nowand has been for months—than is being produced. This represents an inventory drawdown steelmen estimate at 1-million tons per month. When that drawdown ends, they insist, steel production will have to bounce back strongly merely to maintain the production of end products at current rates.

Pending completion of the draw-down, which steelmen commonly put early in the third quarter, some see a milder second-quarter upturn based on heavier consumption by the construction industry, perhaps some inventory hedging against a July 1 price increase, maybe even slightly higher automobile output. In part, too, this second-quarter anticipation is based on a quietly desperate conviction that steel can't stay so bad for so long.

 Reverse of the Coin—The market experts who look for a second-quarter upturn in laggard autos are betting, of course, on one of the only two steel markets that could power a striking comeback in 1958. The other market is warehouses—and they have been heavily inventoried for months.

So these two points alone—an auto market in which spectacular "come on" ads are already appearing at the start of spring, and a warehouse market stuffed pretty close to the rafters—argue fluently against any remarkable steel comeback. These two markets normally take about 40% of steel's output.

#### I. How the Plants Stand

If you take a look around the steel plants, here's what you find.

Start with the January shipments—the only month reported so far. You find that tinplate and wire products were up. Both being strongly seasonal, and this being their season, this is no more than you might expect. You also find that concrete reinforcing bars appeared to be ready to move up—and with the construction season coming up, they should have been. Other than that, product by product comparisons show January shipments largely down.

And since January? "There has been no particular change—either up or down—from the January shipments," comments one market research man.

• Hardly Flourishing—Hot and cold rolled sheets are going to "containers and the odds and ends people," says a sales manager, who describes the bar business as "foul." Mechanical tubing hasn't been in very good shape for some time and shows no promise; you find a sign of its lack of bounce in declining shipments of semifinished steel.

There's talk of a flurry in galvanized sheets, but some say it's just talk.

"What's our best product right now? Tinplate—as it should be," replies a major producer. "Next best? Seamless pipe, I guess—but it isn't very good."

 Structurals—Structurals and plates, some steelmen guess, are among the very best nonseasonal products since January. But again, that's as it should be, if 1958 is to fulfill construction expectations.

One mill sales executive concedes that the minimum mill order he'd take is down to five tons from the usual 10.

• Oil Country Goods—Looking beyond the automotive market—which simply has steelmen in a state of shock—there are some other grim products. A major producer of oil country goods figures April will be its worst month, but then hopes for signs of a turn.

Oil country goods and line pipe were among the very last steel products to turn down—in the last half of 1957. So they've had little time for inventory cuting. And through mid-March, oil and gas drilling was dropping faster than inventories could be cut.

 Little Encouragement—Occasionally, it's true, you hear some good news about steel. Shipbuilding orders (page 30) turned up last month, for example.

But slow orders for Bessemer steels and heavy rails will force U.S. Steel to shut down its Lorain (Ohio) Bessemers indefinitely in a few days, and its heavy rail mill at Braddock, Pa., on May 30.

Wherever you ask, you don't get much encouragement that February and March product shipments have improved—or that April's will. For that matter, how could they? In February, ingot production went down. In March, it will be up some—but not up to January. And April will start off with some new shutdowns. Great Lakes Steel Corp., for example, announced this week that two Detroit plants will shut down on Apr. 4 for two or three weeks.

#### II. Look at the Numbers

When you start studying the numbers, you begin to second-guess even the market research men. Here's why:

• In the first quarter, steel will produce less than 19-million tons. Last quarter, it produced 25-million—even with that shocking December slump. Steel's strongest month this quarter will be 700,000 tons below December.

 For the year 1958, forecasts that had been revised from 110-million tons down to 100-million, then cut to around 95-million, now require even more stringent reexamination.

With the whole economy down no more than it is, it's hard to believe that steel could produce any less than 90-million tons this year. But to turn out as much as that, steel will have to put its operating rate up about 26% above the first quarter—and keep it there for nine consecutive months. Some who should know believe this can be done.

But with new and extended mill shutdowns bobbing up for April, it's hard to see the second quarter, or the traditionally slow third quarter, scoring the big gains this would call for. If you talk in terms of merely 5% increases, compounded, in the next two quarters, then a fourth quarter averaging 82% of capacity, you'd end up with 88.3-million tons in 1958—about the same as 1954, when capacity was 17-million tons smaller. That would give a 1958 operating rate of about 63%—down eight points from 1954.

## Now the world's most dependable lighter has a running mate





## The Zippo Slim-Lighter is here!

ZIPPO ANNOUNCES the Slim-Lighter. This distinguished new lighter is slim and light—and yet it is as dependable as the original Zippo!

If you have been pondering about employee awards to spur incentive, safety or recognition programs, then the new Zippo Slim-Lighter offers the perfect solution.

Giving the new Slim-Lighters is also a way to show appreciation for customer courtesies in a manner that will not embarrass them or you.

Your thoughtfulness will never be forgotten because a Zippo is made to work and if it ever fails to work we'll fix it free!

The regular and new Zippo Slim-Lighters are available in a wide range of designs and finishes. Our design department will be glad to help you individualize and even personalize your Zippos with individual signatures.

> Zippo Manufacturing Co., Bradford, Pa., and Canada Ltd., Niagara Falls, Out.

Zippo	Manufacturing Com	pany
Dept.	BW 144, Bradford, P.	

Gentlémen: Please furnish us with complete information on how Zippo Lighters can be of service to our company.

Address

THAT WORKS



## In Business

#### MIT Pair Develops New Converter Of Heat Directly Into Electricity

A device that converts heat directly into electricity—and which has no moving parts to get out of order—was introduced this week by two MIT professors, George N. Hatsopoulos and Joseph Kaye. The new thermoelectron engine has many resemblances to General Electric's thermionic converter (BW—Dec.7'57,p117) and, like it, is based on the principle that if one metal plate is heated, electrons will jump to a cold plate beside it, thus creating electric current.

The new device has a thermal efficiency of 12%, but a later model is said to be good for 30%.

#### Milwaukee's Hacks Are All Outlaws; City Ordinance Goofed Long Ago

It seems that every taxicab in Milwaukee has been

operating illegally for long, long years.

Way back in 1929, the city's aldermen passed a taxicab ordinance that said, "no permit shall be granted to operate any vehicle that was not lawfully operating on Oct. 1, 1929." They then tacked on a clause making an exception for taxis that have separate compartments for drivers and passengers.

The trouble is, the exception clause got lost in the shuffle. The embarrassed aldermen are planning to rush through a new amendment, legalizing the cabs.

#### Army Gives Martin Chief Contract For Pershing Solid-Fuel Missile

The Martin Co. of Baltimore this week was signed up as chief contractor to develop the army's solid-fuel Pershing missile, which is to replace the liquid-fuel Redstone, largest missile now in Army service. The Navy has already signed up Lockheed for its solid-fuel missile, the 1,500-mi. Polaris, while trade talk is that North American Aviation will get the contract for the Air Force's 5,000-mi. Minuteman.

The signing up of Martin is taken to indicate that the Army is shifting its missile work to the aircraft industry.

## People Keep Telling Administration To Cut Taxes Now

If Washington doesn't go ahead and cut taxes as an anti-recession step (page 39), it won't be for lack of suggestions:

Both the National Assn. of Manufacturers and the AFL-CIO are urging a cut—the NAM, a gradual across-the-board rate decline spread over several years; labor, a \$6-billion to \$9-billion cut concentrated in the low brackets.

The Committee for Economic Development recommends a temporary 20% slash in rates starting after

April and lasting until Mar. 31, 1959.

Arthur Burns, former chairman of Eisenhower's Council of Economic Advisers, spoke in Chicago urging a permanent \$5-billion cut, spread across individual and business taxes.

Even Vice-Pres. Richard M. Nixon told reporters he personally was for a tax cut-even though this might

not be the Administration's present policy.

## Penn-Texas Board Cut to Nine, Chipping Off More Silberstein Power

Dissidents at Penn-Texas Corp. gave another turn to the vise squeezing Pres. Leopold Silberstein when the company's 12-man board was reduced to nine, thus boosting the weight of four dissident directors.

At the same time, Alfons G. Landa, unofficial leader of the dissidents and a member of the newly formed four-man executive committee (BW-Mar.1'58,p36), was made chairman of a new finance committee. This puts Landa in a position effectively to block any move by Silberstein. The dissidents also won approval of a probe to be conducted by a Landa law partner into Penn-Texas' purchases of Fairbanks, Morse stock and the sale-leasebacks of P-T properties.

#### **Business Briefs**

The Kudner Agency, whose loss of the Buick advertising account started a chain of switches in auto ad agencies (BW-Dec.21'57,p28), has lost two more accounts from the General Motors stable; the \$10-million Frigidaire Div. and the \$3-million account of the GM Truck & Coach Div.

Vincent Astor threw in the sponge this week on his \$75-million Astor Plaza office building project in the entire block east of Park Avenue and north of 53rd Street in New York City. Astor is selling all his interest in the project to First National City Bank of N. Y., which plans an office building, partly to house its own mechanical operations.

An insurance company is acting as dissident in what may shape up into a major proxy fight. Bankers Life & Casualty Co. this week brought two actions in the Illinois Superior Court in Chicago against Crane Co., \$375-million-a-year plumbing fixture manufacturer, one asking for a stockholders list and minutes of the board meetings, the other for the postponement of the annual meeting now scheduled for Apr. 22. Bankers Life owns only a few hundred shares of Crane, but is reported associated in the action with such large Crane holders as Thomas M. Evans, head of H. K. Porter Co., Inc.



#### The Spook on Factory Hill

You can't see it through the smoke, can't hear it above the machinery's roar. But there's a spook in residence, and it's as big and real as the smokestacks.

The specter's name is Obsolescence.

It's a sinister thing. Over a period of time it can undermine a manufacturer's competitive position . . . given time, it can ruin him. Its work is most deadly when management is lulled by the hum of machines that are "still useful".

We'd like to help you map out an equipment replacement program.

No other machine tool builder in the world can equal Jones & Lamson's 123 years of experience in increasing production and lowering costs with advanced metal turning and grinding equipment.

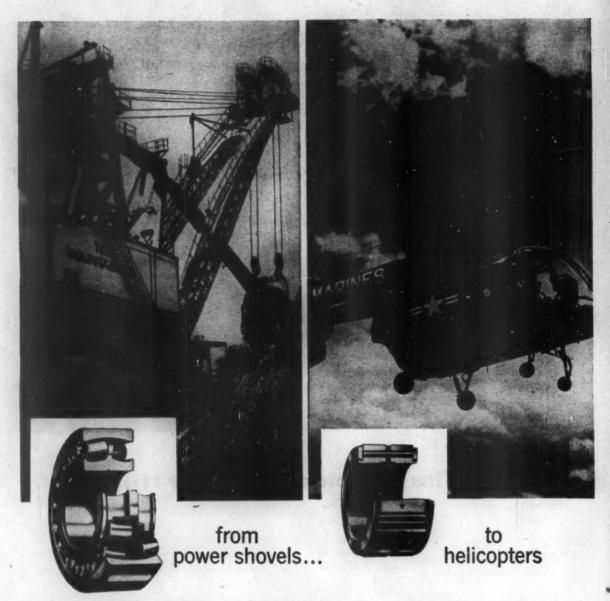
We offer a variety of finance plans.

the man who needs a new machine tool is already paying for it



JONES & LAMSON MACHINE COMPANY . SPRINGFIELD, VERMONT

Turret Lathes • Fay Automatic Lathes • Milling & Centering Machines • Thread & Form Grinders • Optical Comparators • Thread Tools



## Torrington makes the right anti-friction bearing for every basic need!

Application requirements differ. A lightweight, high-capacity Torrington Needle Bearing is just right for a helicopter. But it's a different story with a mammoth power shovel, where Torrington Spherical Roller Bearings or Tapered Roller Bearings perform best.

Between these two examples lie all kinds of requirements. To meet the broad range of needs, Torrington makes every basic type of anti-friction bearings.

This range of experience can be of invaluable service to you in engineering your own anti-friction applications. Your Torrington representative is well qualified in your field: call on him for engineering assistance. The Torrington Company, Torrington, Conn.—and South Bend 21, Ind.

#### TORRINGTON BEARINGS

District Offices and Distributors in Principal Cities of United States and Canada

SPHERICAL ROLLER'S TAPERED ROLLER . CYLINDRICAL ROLLER . NEEDLE . BALL . NEEDLE ROLLERS . THRUST

## WASHINGTON OUTLOOK

WASHINGTON BUREAU MAR. 29, 1958



The drive to cut taxes is slowing down in Washington. Noticeable changes in sentiment have occurred during the week. On Capitol Hill, you still hear lots of tax-cutting talk, from members of both parties. But the leaders seem to be backing away. This second-guessing has lowered the odds from what they were a few weeks ago.

Mid-April will bring a firm appraisal.

Congressmen will go home for Easter. This will be their first chance this year to rub elbows with the voters. There's no doubt that the public wants relief from high tax rates. There's also public awareness that big government deficits drive prices up—create and fuel inflation. Housewives have what one observer here calls dual vision. They see the paycheck, but they also see the prices in the grocery stores.

The government will have better statistics. Both February and March have been unusually harsh, weatherwise.

Another unemployment rise is expected. The total of those out of work may well exceed 5.5-million. This will make headlines. The planners in Washington also expect that March will show a rise in the number of people working. The difference, of course, will be the addition to the working force in the meantime. Any rise in the number of people working will be taken as a good sign—an early indication that the bottom of the slide has either been reached or is close at hand.

Why does Washington hesitate on cutting taxes when so many experts, both government and private, insist that this is the key recession remedy?

Many reasons are advanced by those who want to go slow. They add up to real doubt in their minds as to whether a tax cut would actually help the situation very much.

Unemployment is concentrated in a few lines.

There's the metalworking industry. It felt the recession early, as business orders for new tools eased off.

There's construction. The new highway program hasn't moved fast enough to take up slack caused by declines in industrial and homebuilding.

Then, there's the consumer durables field—autos, appliances, etc.

Here is how Eisenhower advisers are thinking: What is needed to pick things up is not so much a general shot in the arm as specific remedies, each aimed at one of the problems. They already have backed a setup in defense orders and an increase in the total size of defense. This is supposed to help the metalworking field. Highway building will be speeded up, with the government pouring in new billions. Homebuilding, it is hoped, will improve with easier credit. As for consumer durables, the calculation is that this area will benefit from any recoveries made in other fields.

Would a tax cut work, anyway?

There's the matter of psychology. How will the public react if the government comes out for a tax cut? On this, Eisenhower advisers are far

#### WASHINGTON OUTLOOK (Continued)

WASHINGTON BUREAU MAR. 29, 1958 from agreement. A tax cut has been widely publicized as a "last resort." Some economists in Washington reason that a cut would add to business fears—bring on a further retrenchment. If taxpayers saved the "relief" instead of spending it, nothing would be gained, they say.

Then, there's the problem of big deficit spending. In the past, it has led to inflation. As of now, officials seem convinced that the spending rise now scheduled, plus easier credit, will do the job in time—that is, create the work that's needed to cut unemployment. They accept the idea of a slow recovery, based on spending and credit. They fear that red ink financing would result, eventually, in a new price spiral.

#### How big is Washington's recession problem?

Politically, it's huge. Any bulge in unemployment and the general uneasiness that goes with it is bad in an election year. The Republicans now have no hope of regaining House and Senate control in the elections next November. They think in terms of how to hold their losses in the House and Senate to a minimum.

Looked at from the economic side, it's not so big. The number of people out of work is about 5.5-million. But some 62-million people are working, and at the highest pay rates in history. In an economy of the size we now have, 3-million out of work would be no great national worry. The concern is over how to stop the rise in unemployment and put 2.5-million people back to work.

Politically, the recession favors the Democrats. It is true that the GOP doesn't run Congress, which acts on all new federal programs. But political observers have become convinced over the years that credit or blame goes to whichever party holds the White House. This recession finds unemployment concentrated in a few states, all important politically.

Michigan is hard hit. Republican Sen. Chas. Potter comes up for reelection. Walter Reuther, the union boss of the Auto Workers, wants to see him beaten. Unless the auto industry revives, Reuther may get his wish.

Pennsylvania will produce another tough Senate race. The Democrats have been on the rise there in recent years. They picked up one Senate seat in 1956—elected Joseph Clark. Now, they are out to get Edward Martin's. Martin is retiring. The Democratic candidate will be Gov. George Leader.

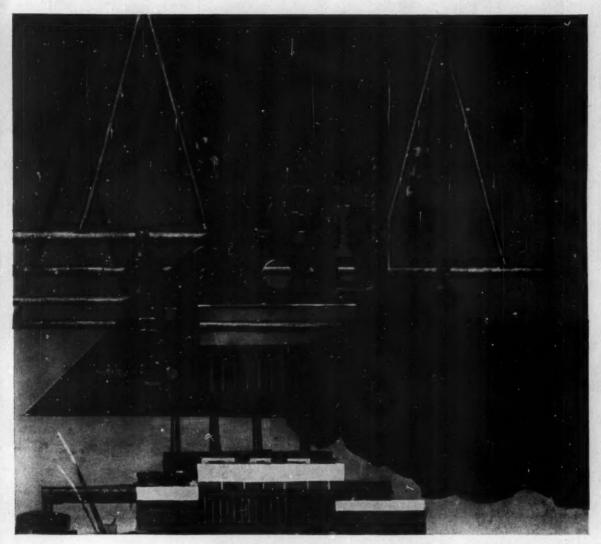
Other states where Democrats count on unemployment for a lift include Connecticut, New Jersey, Massachusetts, and California.

Veto of the farm bill will give the GOP trouble. The Administration attitude that the farm price problem should be handled as an economic, rather than a political, issue has cost House and Senate seats since 1952.

Wisconsin is one example. Democrat William Proxmire took the seat of the late Sen. Joseph McCarthy in a special election. The policies of Agriculture Secy. Benson, fully backed by Pres. Eisenhower, will help Proxmire this fall.

Minnesota is another. Republican Edward Thye faces his hardest fight. Democrats hope to cut him down on the farm price support issue.

Contacts copyrighted under the general copyright on the Mar. 29, 1958, issue—Business Woods, 330 W. 42nd St., New York, N. Y.



Here the brush of Stanley Meltzoff graphically depicts the alpha and omega of another great power project—the intricate installation nearing completion, the gloved hand of a skilled craftsman grasping the template used by the engineer and draftsman in translating the design.

#### United Engineers has pioneered

in the design and construction of power plants across the nation. As designers, construction engineers, and engineering consultants, we have long served many of the pace-setting utilities and industrial organizations on such projects as thermal and hydroelectric plants, electric substations, and installations for supplying heating and process steam. Each presented its own particular problem—successfully solved on schedule and within the estimate.

Best proof of the flexibility and depth of our services—and of the satisfaction received—lies in our record of new assignments from those already served.

No matter what your project—power plant or processing plant, steel mill or industrial building, gas plant or pipeline—United Engineers has the skill and creative ability to augment the engineering staff of your own organization.

We invite you to share and profit from our background of more than 70 years' experience.

#### UNITED ENGINEERS

& Constructors Inc

U.E.&C. (Canada) Ltd.

New York 17 • PHILADELPHIA 5 • Chicago 2

Our list of clients includes many of the nation's forward-thinking industries and utilities



When completed in 1959, the St. Lawrence Power Dam on Barnhart Island will generate as much electricity as all five boroughs of New York City use annually.

## \$900,000,000 St. Lawrence Seaway proves again-



S. J. Groves & Sons Co., Syracuse, New York, a Gulf customer, is removing approximately 1,800,000 cubic yards of silt and stone to dredge the South Cornwall Channel.



Tecon Corporation of Dallas, Texas, uses Gulf products for all its quarrying equipment at Norfolk, N.Y. Tecon crushed all the aggregates used in the Messena Intake, Long Sault, Iroquois and St. Lawrence power dams.



### you can depend on Gulf when the going's tough!

Not since the Great Wall of China has man tackled a construction job as big as the St. Lawrence Power-Seaway. It calls for 15,000 workers and \$70 million worth of equipment. They are moving 180,000,000 tons of dirt, mud and rock. Creating a 70-square-mile lake where cows once grazed. Building a power dam second only to the Grand Coulee in size.

Men and machines often work with a slick but gluelike gumbo underfoot. Temperatures sometimes drop to 50° below. Yet Gulf products and Gulf service help keep machines on the go, three shifts a day, six days a week.

Dragline, crane, shovel, hydraulic jack or drill-

dozer, grader, truck, locomotive or tug—no matter what the equipment, Gulf has a fuel or lubricant to power and protect it . . . at a conveniently located distribution point for prompt delivery.

You'll find the savings in maintenance expense frequently substantial. In addition, you can always call on Gulf Petro-engineering Service for seasoned advice and assistance on any problem that involves

the use of a petroleum product. There's no charge for this service—all it takes is a phone call to your nearest Gulf office.

CULF

GULF OIL CORPORATION . Dept. DM, Gulf Building . Pittsburgh 30, Pa.



#### cool metal for hot planes

For jet and rocket aircraft engines, wings and surfaces that are subject to extreme conditions of heat, friction and corrosion, where the metal *must stand up*... design it, improve it and protect it with McLOUTH STAINLESS STEEL.

specify

## Mc Louth Stainless Steel

H QUALITY SHEET AND STRIP

for aircraft



MCLOUTH STEEL CORPORATION DETROIT, MICHIGAN MANUFACTURERS OF STAINLESS AND CARBON STEELS



STRONG-ARM Pres. Batista's grip is slipping. Mounting opposition shows up in declining business and tourist trade.



REBEL LEADER Castro is gathering strength, mostly as a symbol against the corruption of the Batista regime.

## Cuba Moves Toward Showdown

In December, 1956, a band of student revolutionaries landed on the shore of Oriente Province in eastern Cuba. Led by Fidel Castro (above, right)—a man with nine lives who was one of a handful to survive the landing operation—the so-called 26th of July rebel group has gnawed at the foundations of Pres. Fulgencio Batista's six-year-old regime for over 15 months.

Now the political pot is boiling. Last week, Castro declared total war on Batista's regime. His strategy-beyond fighting Batista's soldiers in Oriente with a hit-and-run band of around 1,000 guerrillas—is to stage a general strike early in April to bring business, especially in Havana, to a halt. Without winning Havana, Castro won't win over the island country.

The Facts—To a casual visitor, Havana is still a tourist playground and a peaceful city rich with good weather, gleaming buildings, and public works projects—always labeled "Obra del Presidente Batista." But go deeper, and you feel the hush before a storm in these facts:

• Business-retail sales, daily office

transactions, the tempo of commerce has fallen an estimated 50% in the past three weeks.

 U.S. businessmen, supposedly neutral in the political struggle, are beginning to play both sides of the fence.

 The new, plush gambling casinos are scratching for tourist business, with gaming tables operating at a slow pace even on weekend nights. At the Riviera, for instance, Batista's secret police work as waiters just to prevent a "rebel incident."

• Censors from the same secret police watch outgoing newspaper copy at the United Press office, scan local copy before publication at El Mundo, a leading Havana newspaper. The Miami Herald, which normally reaches the U.S. Embassy at around 10 a.m., now arrives at 4:30 p.m.—with news on Castro's rebels often scissored out.

• At night, most Cubans stay off the streets, and virtually no trains or trucks move during darkness. The next morning you learn by word of mouth that the police raided a rebel home in the Vedado section, confiscated an arms cache buried in the backyard, and imprisoned two or three rebel followers.

The Showdown—In this atmosphere of fear, Cuba's opposition groups are moving fast toward a showdown with Pres. Batista. A year ago the nearly 6-million islanders were either neutral or indifferent. Now they are anti-Batista or pro-Batista. The majority want him out—if only to get their economically rich country back on a stable path.

Few Cubans see Fidel Castro as the new political leader to run Cuba. But almost everyone recognizes him as a dynamic symbol against the strong-arm power and massive corruption of the Batista regime. That's why Castro's revolutionary group, far better organized today than a year ago, has at least a 50-50 chance of bringing off a general strike.

 Army Pivot—While a sitdown strike in itself won't topple Batista, it could easily trigger a fast switch in the loyalty of the army. That is the rebels' hope.

The pivotal force in Cuba, as in most Latin American countries, is still the armed forces. So far, Batista's 22,000-man, well-equipped army, head-quartered at the fortress-like Columbia Barracks near Havana, has backed the

A word to the wise...



• Your carload freight can move more efficiently—dependably on time from siding-to-siding, B&O Sentinel Service is the answer! It's efficiency planned for you.

Sentinel cars depart or arrive at plant sidings on schedule times known to shipper and receiver. Transit time is dependably maintained by the constant personal supervision of trained "B&O Sentinels" in yards and terminals.

If car movement is interrupted at any point, both consignor and consignee are informed, then advised of rescheduling. For a complete carload service on a complete schedule, your wisest move is Sentinel Service. Ask our man!



BALTI...ORE & OHIO RAILROAD

Constantly doing things - better !

man it installed in power in March, 1952. Col. Barquin and several other officers who turned against Batista in early 1956 are political prisoners on the Isle of Pines off Cuba's south shore. Batista now is recruiting 7,000 more soldiers to fight rebel groups. At the moment, the strongest force behind Batista is the 7,000-man national police organization, whose squads prowl through Havana and ruthlessly torture rebels they pick up.

Even if a general strike should fail and Batista cracks down viciously on the opposition, his days in power are numbered. Only with exceptional luck and near-total collapse of the antigovernment forces could Batista squeak through and continue in office past February, 1959, when his term ends.

• Batista's Star—The campaign to get rid of Batista started almost the very day he staged a palace revolution in early 1952. The very fact that he took power illegally is a sore point with Cubans, who prior to 1952 had made some progress from political turbulence to more democratic government.

to more democratic government.

The last full-fledged dictator in Cuba was Gen. Machado, in office from 1926 to 1933. In 1933, Sergeant Batista helped stage a general strike to send Machado into exile, and the same year he became Col. Batista. Batista edged into the inner circles of the military partly because he knew shorthand for taking down secret messages.

In 1940, Cuba rewrote its constitution to reinforce principles of human rights. That year, it elected Batista as president. His administration was reaconsolity peopular.

sonably popular.

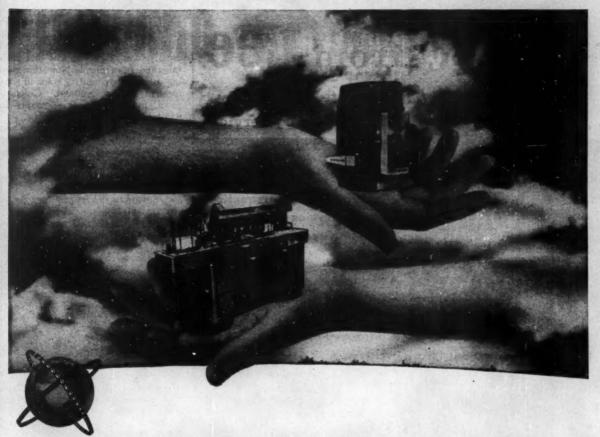
In 1944, he stepped down, without any political explosion. Then followed four years under Pres. Grau San Martin, then another four years under Pres. Prio Socarras. Under Prio, Cuba's old tradition of corruption in government returned in full force. Even so, all the presidents from 1940 to 1952 took office through relatively honest elections.

During the 1952 electoral campaign, Batista-aiming for the presidential palace again—saw he was running a poor third. In an almost bloodless takeover, backed by the army, he seized power. In 1954, he held rigged elections, became the "legal" president.

• New Pressures—In the past six years, Batista has ignored the 1940 constitution at will. He has suspended constitutional guarantees and clamped down on censorship over eight times, whenever menaced by opposition groups.

But beyond Cubans' hatred for his strong-arm tactics, there have been two other factors building up pressure against his regime: a growing middle class and mounting corruption in government circles.

Traditionally, students at the Univer-



## PHILLIPSBURG INSERTER JOINS BELL & HOWELL FAMILY OF FINER PRODUCTS THROUGH IMAGINATION

### ...... now serving the mechanized Mail Processing needs of the world!

Today, Chicago is a neighbor of Phillipsburg, New Jersey—because modern methods and needs of business made it so!

Bell & Howell, Chicago, recently acquired the company which manufactured the famous Phillipsburg Inserter. Thus, to the world-renowned family of Bell & Howell products is now added the leading line of Phillipsburg Inserters—made in Phillipsburg, New Jersey.

Continuing the tradition of pioneering and leadership of its predecessor (Inserting & Mailing Machine Company), Bell & Howell Phillipsburg now offers all users of mail processing equipment

the expanded marketing and service facilities of an international organization. It is natural for Bell & Howell, one of the great pioneers in motion picture and photographic equipment, to add another leader, namely, the Phillipsburg Inserter, which revolutionized mail processing.

As science progresses, Bell & Howell will help business and industry perform their missions with greater speed, accuracy and flexibility. When management requires the flow of ideas through the printed word...the conviction of a picture...or the clarity of sound, Bell & Howell equipment can be depended upon.

Toward this end, Bell & Howell Phillipsburg is proud to present the Phillipsburg Inserter, which pioneered mechanized mail fulfillment 30 years ago and is continuing to widen the horizons of business...through mail communications in every part of the world!



PINER PRODUCTS THROUGH IMAGINATION





## now from Lee

complete
FREE advisory service
on Work and
Utility Clothes

Here's how Lee's personalized advisory service can benefit your plant—your employees:

- Increased efficiency
- Reduced costs
- Improved morale
- Reduced accidents
- Improved employee appearance
- Longer clothing life

The Lee Advisory Service works so simply, is so beneficial, you can't afford not to take advantage of it! All you do is send in the coupon below. In return, we'll mail you a questionnaire for the listing of your job classifications where work and utility clothes are desirable. Our specialists will then give your questionnaire a comprehensive analysis and make the necessary recommendations personalized to the operational problems of your business. Send in the coupon today—discover how the Lee Advisory Service can help save money for your plant.

H. D. Lee Company Advisory Department Kansas City 41, Mo.



Gentlemen:	L	am	interested	in	your	FREE	ADVISORY	SERVICE.
Please send	me	au	estionnaire	e.				

Name\_\_\_\_\_Title\_\_\_\_

Address City State

up wages. A month ago, he boosted the minimum wage.

The Confederation of Cuban Work-

Cuba's economic prosperity. Sugar sales and prices, though not so good now, have been running high during the past six years. Batista has pushed

sity of Havana have fought for civil liberties. They have decried against the

highly centralized, often corrupt colonial system of government that Cuba inherited from Spain. Now the growing middle class wants a voice in some form of good government. Colonos—

small, independent sugar growers—are joining this reformist movement.

believe more corrupt. True, he has handled sugar production, the country's

main money earner, with skill. It has encouraged a tremendous spurt in U.S. investment, which some economists estimate is near the \$1-billion mark.

Moa Bay Mining Co.'s recent decision

to spend \$119-million on nickel and cobalt mining is one example. Then, too, luxurious hotels have opened up,

such as the \$24-million Havana Hilton. But corrupt government officials have siphoned off riches from a large part of

this business expansion. Batista himself has amassed a \$60-million fortune-

some of it invested in Daytona Beach

Many top businessmen claim that several development banks formed since 1950-including Banfaic and

Bandes-have put money into economically unsound projects. Many of the

loans, observers say, involve huge cuts

of graft for government officials. Be-

yond this, Batista's massive public works projects—which have helped create em-

ployment for sugar workers during the

ing sugar-have raised the public debt

from \$241-million in 1952 to over \$700-

million. Add in loans from government agencies, and the debt is around \$1.2-

· Sidetrack-Meanwhile, Batista has

done little to improve education, although on the books his regime's ex-

penditure for education looks impres-

sive. As a typical case, visit a school in

Pinar del Rio. There are only two teach-

ers for 85 students in the first six grades. There's only one pencil for every three students. The teachers pay for new desk tops out of their own pocket-simply

because money allocated in Hayana for

educational facilities never reaches the schoolhouse. As one observer says:

"Cuba needs non-profit government."

• Strength—Despite these criticisms,
Batista has been able to hold firm control without too much trouble—until
recently. The main factors behind his

staying power are:

'dead season" when mills aren't grind-

In addition, Batista's regime has proved as corrupt as Prio's-some people

Member Institute Industrial Launderers



# **POWER PACKAGES**



## for built-in productive assemblies

... And you'll see ways to cut costs and increase your profits. How? By eliminating unwieldy or makeshift power assemblies.

Master Motors, Gearmotors, Unibrakes, Fluid Drives and Speedrangers are available in standard Master unit sizes beginning with 1/8 H.P. With Master it's easy to get the right shaft speed, the right construction features, the right mounting . . . all combined in one compact, efficient drive. All components are made by Master, thus assuring you of an impartial recommendation for the best drive for your requirements.

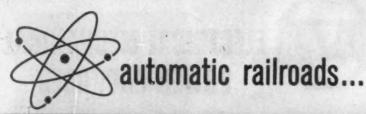
Look to Master for your single unit power packages ... all from one single source.





ELECTRIC COMPANY

DIVISION OF RELIANCE ENGINEERING CO.





# Closer than you think!

This is the Reading's conception of a future master control center from which an entire railroad could be operated by remote control. The idea is still in the imaginative stage, but the picture does dramatize the rapid progress railroads are making. For most of the elements in this machine exist today!

The list of innovations is imposing—automatic control of train movement over main and branch lines... automatic "push button" classification of cars in yards... "electronic brains" for record keeping... as well as a host of other exciting technological advancements.

As a major railroad, the Reading has played a vital role in this picture of progress. The result is safer, faster and more economical transportation service for your freight. Try it and see!



PHILADELPHIA, PA.

Reading Railway System

ers-probably the strongest labor union in Latin America-has theoretically played a neutral game, but in fact has sided with Batista. What with 1.2-million members, the confederation has hurt the rebel cause simply by not directly participating in it.

The Catholic Church in Cuba has been weak as a political force—even weaker than the Church in Venezuela. It also has split over the problem of whether to mediate between the government and rebels or to oppose Batista openly. Its recent call for a "national-union government" to take office before elections turned into a minor vic-

tory for Batista.

The political opposition, even though more unified today than a year ago, is still splintered into numerous factions. Ex-Pres. Prio, who has headquarters in Miami, only recently began to mend fences with Castro. Ex-Pres. Grau is technically the head of an opposition party, but appears to be playing along with Batista. (Batista has amended the constitution so that any losing candidate becomes a senator-and thus gets a \$60,000 salary, one of the highest paying posts in any Western Hemisphere government.) Dr. Manuel Urrutia-a judge for 31 years in Santiago de Cuba -is Castro's candidate for the presidency, but most observers believe Castro picked him simply to prevent other would-be candidates from jockeving for the position.

• Rocky Months—Actually, almost every element needed to overthrow Batista has come into the open in the past year and a half. A year ago, rebels tried to assassinate Batista in his palace. Later, the people in Oriente staged a general strike that almost swept into Havana. In September, the naval garrison at Cienfuegos revolted. But none of these elements operated together—in one swoop. Batista coped with each in

turn.

With the reform movement—which is partly a throw-the-rascals-out campaign—gathering momentum, it would seem logical for Batista to play the demagogue, like Argentina's Juan Peron, and talk up "social justice" and "government for the workers." (Martha, his wife, has sometimes copied Evita Peron's methods in running charitable organizations.) Some observers in Havana believe a little public relations would go a long way in helping Batista keep power. But he evidently has proved himself only clever—and not a creator of a quasi-reformist social theory with wide appeal.

The only real fear among the opposition now-and Habaneros discuss this frequently-is the possibility of a bloodbath during a full-scale general strike.

That well may happen. END

What every executive should know about...

How CHRYSLER'S AIRTEMP controls

# The 3 "Secret Costs" of Air Conditioning



When you buy air conditioning, you can control only the first cost—the installation price

But price alone is a poor basis for a decision

Even though Chrysler Airtemp costs no more (and often costs less) to install, it's real advantage is that it lets you control—and minimize—the three "secret costs" of air conditioning. And these "secret costs" are often the big costs in commercial installations.

THE SECRET COST OF WRONG EQUIPMENT

The wrong equipment can be troublesome as well as costly to operate. Airtemp makes all kinds of air conditioning—over 297 models—and can advise you which is best for your needs. If you wish, our Airtemp Construction Division will recommend a qualified engineer and contractor near you and work with them. You're sure to get exactly the right equipment from Airtemp!

THE SECRET COST OF OPERATION

Operating costs over a few years may actually exceed the first cost of air conditioning. But rock-

bottom operating costs can save you substantial sums. That's why you should know that AIRTEMP—thanks to Chrysler engineering—promises the lowest operating costs in the industry!

#### THE SECRET COST OF MAINTENANCE

Maintenance costs and repair costs can be a shock. A breakdown brings repair bills PLUS the cost of lost time, lost business. But Airtemp air conditioning is carefully engineered by Chrysler for trouble-proof operation. And Airtemp is installed only by qualified contractors, who must certify to Airtemp that equipment warranted for 5 years has been installed properly. That's why Airtemp maintenance costs average out to be the lowest in the industry!

May we give you the complete facts? For prompt action mail the coupon below, or see the Yellow Pages for the name of your nearby contractor or dealer.

## CHRYSLER

AIRTEMP DIVISION, CHRYSLER CORP.
Dayton 1, Ohlo
We would like the full facts on how Airtemp controls
the 3 "secret costs" of air conditioning.

Name
Address
City\_\_\_\_\_ Zone\_\_ State
Firm Name

## In Business Abroad

## Politicos in Argentina Squabble Over Development of Oil Resources

Argentina's politicians are at each others' throats over the old problem of developing domestic oil resources fast

enough to reduce rising oil imports.

Since the recent election of Arturo Frondizi as president, Dr. Mauricio Yadarola, Ambassador to the U.S., has presented a plan that would let in U.S. and foreign oil companies—under highly restricted conditions. Julio Cueto Rua, Minister of Industry, seconded this idea by saying: "Argentines must either overcome nationalistic feeling and accept foreign capital, or face a lowered living standard."

Last week oil nationalists, inspired by Yacimientos Petroliferos Fiscales (YPF), the government oil monopoly, referred to Yadarola's ideas as "cancerous concepts," then trotted out statistics trying to prove Argentina would need only \$1-billion for power development between now and 1965—around one-sixth of what "realists" claim would be needed. To top it off, two ministers resigned in disagreement with Cueto Rua.

Significantly, president-elect Frondizi refused comment, instead held meetings with Arturo Intzaurgarat, YPF's boss, and David Rockefeller, vice-president of the

Chase Manhattan Bank.

## NYU Launches Program for Training U.S. Companies' Overseas Personnel

New York University has set up a program to help U.S. companies train personnel for work overseas.

To launch the program, NYU is running a 150-hour training course for employees of Champion Paper & Fibre Co. They will move next fall to Brazil to spend 12 to 18 months running a new Champion plant. When operating early next year, the plant-located 80 mi. inland from Sao Paulo-will make pulp from eucalyptus trees for sale to Brazilian papermakers.

NYU will train some 20 Champion technicians and

NYU will train some 20 Champion technicians and their families at the company's mill in Canton, N. C. In addition to training in Portuguese, the course will include Brazilian history, geography, laws, customs, and the practical problems of buying and preparing food.

## Ford Introduces Insurance Deal To Step Up Sales in West Germany

To step up Ford sales in West Germany, the consumer credit subsidiary of Ford Werke AG. of Cologne is now offering prospective buyers insurance against payments overdue because of unemployment, sickness, or death. The monthly premium for persons up to 50 is 3¢ for every \$25 unpaid; over 50, the premium goes up.
Underwriting the insurance is a Swiss life insurance company, Vita Lebensversicherungs AG. of Zurich.

## Panama Pledges Canal Income To Back \$25-Million Bond Issue

Panama is getting set to float a \$25-million bond issue in the U.S. market to finance an expansion of its water supply and power output. By the terms of this borrowing, underwritten by U.S. investment houses, Panama will pledge income it gets from a Panama Canal annuity.

Next door in Costa Rica, officials are talking loans of \$10-million and \$4-million, respectively, with the World Bank and the U.S. Export-Import Bank. Both loans would be used to purchase industrial and agricultural machinery overseas, as was a \$5-million World Bank loan last year.

## World Competition Squeezes Down West Germany's Aluminum Output

West Germany's aluminum industry has cut its monthly output to 10,500 tons since the beginning of the year-down from an average monthly production of 13,000 tons in 1957. Because of high production costs, West German aluminum producers have found they can't compete with the low price of the metal in world markets.

## Fiat Will Float Its Cars Direct to U.S. West Coast

Out to double its 1957 sale of 10,000 cars in the American market, Fiat of Italy is putting a special auto transport into operation to the U.S. West Coast. The vessel, a converted Liberty-type, will ply directly from Genoa to Los Angeles and Seattle with loads of 900 cars. Fiat already has two 900-car transport ships sailing between Italy and the U.S. East Coast.

#### U.S., Italian, German Companies Collaborate on Tanker Project

U. S., German, and Italian companies will join forces next month to build combination tankers to transport both liquid gas and oil from the Persian Gulf to Western Europe. Conditioned Power Co., General Motors representative in the group, is behind the project, which includes an \$8-million shipyard in Leghorn to produce prefabricated ship bottoms and tanks. Actual assembly of the ships will take place in Hamburg where the parts are to be transported from Leghorn by truck. Engines will be installed in West Germany by Howaldt Werke.



September 30, 1967

Mr. O. A. Soderberg District Manager Combustion Engineering, Inc. 1537 Book Building Detroit 26, Michigan

Nineteen months ago we placed botter No. 9 in service. Since No. 9 is a C-E boiler, we thought you might be interested in the following information.

The paper industry is highly competitive and a difference of a fraction of a cent per pound of paper often means the difference between selling and not selling a customer. When it is considered that 11% of the manufacturing cost of our paper is power cost, it can be seen that any reduction in power cost bas a real influence on the cost of the paper produced.

The installation of No. 9 boiler has contributed to reducing power costs in

#### (a) INCREASED EFFICIENCY

Beiler No. 9 replaced three existing boliers having an average efficiency of 75% with one bolier having an efficiency of 87.3%.

#### (b) REDUCTION IN FUEL COST

The three boilers replaced required coal having an ash fusion tempera-ture above 2500 degrees F., whereas in No. 9 furnace we have burned, with no difficulty, coal having an ash fusion of 2100 degrees F. The ability of the boiler to use such coals opens up sources of coal supply hitherto unsuitable for our use, but which are now economically at-trapetive.

#### (c) LOW MAINTENANCE AND HIGH AVAILABILITY

Maintenance costs to date have been very low. The utiler has been in operation nineteen months and the only outage for repairs occurred

Mr. O. A. Soderberg Combustion Engineering, Inc.

shortly after the unit was put in operation, when soot blower missalignment caused cutting of several tubes. Fortunately, this occurred at the end of the week when the boiler was taken off the line for a scheduled outage and our own maintenance crew made temporary repairs by seal welding the cuts. Shortly after, Combustion, at their own capsuse, replaced sections in six damaged tubes during a scheduled time was lost.

Each of the two palverizers has handled over 50,000 tons of coal without massessance other than minor adjustments.

### (d) LIBERAL BOILER DESIGN

The ability of the boiler to handle sudden increases in load was demonstrated when it was called spon to pick up the load of one of the other strated which was triped spon to pick up the load of one of the other holizer which was triped of the line due to mechanical equipment failure. At that time No. 9 holier output increased from 175,000 lbs., per hour without difficulty and without interpreption to manufacturing production. The load was 505 above the maximum continuous rating for which the boiler was designed. It may be rmitte it to carryst to you to know that the liberal dwalend. It may be rmitte it to carryst to you to know that the liberal dwalend of the boiler being the capacity of the feed water valve.

As you may gather from the above, we are greatly pleased with this installation.

Sincerely yours

THE KVP COMPANY

Ed

Edward A. Wade roject Engineer



EALANASOO. MICHOGAN STYON. PERMITTANA NO U PO N. Y E 3 4 APPLIES ON THE STY COMMENT AND THE STYLES. SHARE AND THE STYLES.

You'll want to read this letter...

COMBUSTION ENGINEERING



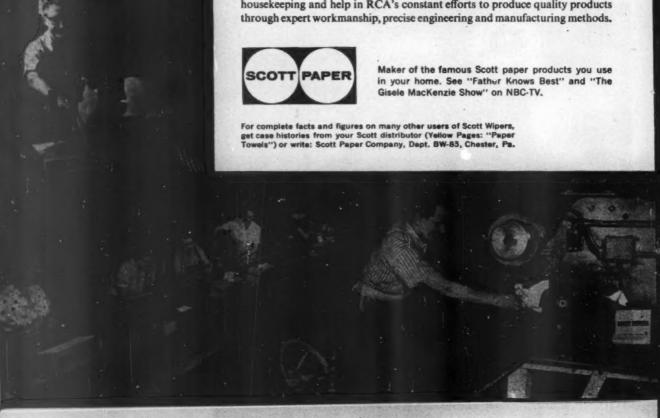
people buy Scott Wipers for many reasons:



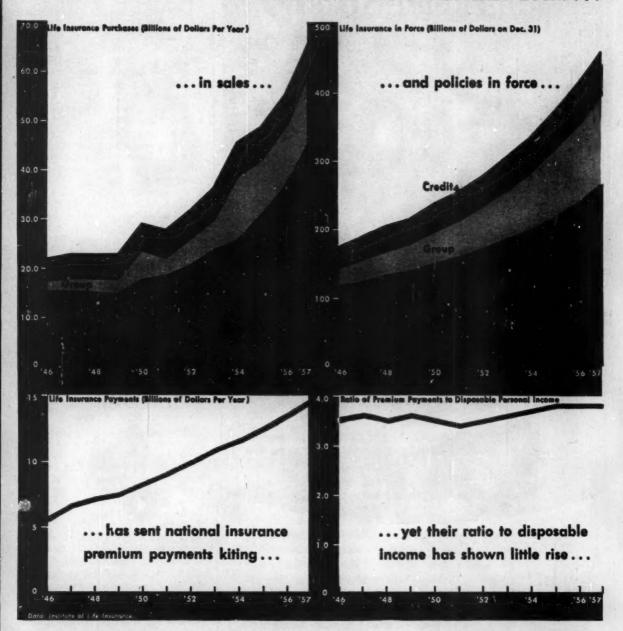
Scott Wipers are used at RCA-Camden for wiping hands that handle speaker voice coils, wiping powder and dust at coil packing stations, wiping soldering irons on assembly lines, cleaning punch presses. Mr. George M. Cavanaugh, Administrator, Staff Purchasing, is shown here beside an RCA Victor Mark II Hi-Fi "Victrola" which uses four speakers in RCA's Panoramic Sound System.

## RCA keeps plant cleaner, gets greater wiping efficiency with Scott Wipers!

Employees at RCA, Camden, N. J. who produce high quality speakers for RCA Victor Hi-Fi sets, say that Scott Wipers are "easier to use than rags." Lintfree and disposable, Scott Wipers are ideal for wiping excess thermosetting cement off parts (cloth could wipe cement but couldn't be satisfactorily laundered afterwards) . . . for eliminating "fuzz on fingers" after handling cemented parts . . . and for all general wiping jobs from the Speaker Assembly Department to the Tool Shop. Scott Wipers contribute greatly to good housekeeping and help in RCA's constant efforts to produce quality products through expert workmanship, precise engineering and manufacturing methods.



#### The Postwar Life Insurance Boom ...



## Life Companies Keep Going Up

In a time when business as a whole seems to be slumping, the financial world is particularly wide-eyed about prosperity such as the charts above show. Whatever the economic woes elsewhere, the life insurance business—one of the nation's most recession-resistant industries—is crowing over its biggest year in history.

Bearing out earlier forecasts (BW-Jan.4'58,p54), new life insurance pur-

chased from legal reserve companies in 1957 was worth about \$65.4-billion—a 18% rise over 1956 sales. This brought the total of life insurance in force to about \$456-billion—a 10% gain over the year before. And figures for the first two months of 1958 reported by the Institute of Life Insurance back up the optimistic view that this year will set another record, despite continued stiff competition for the consumer dollar and

several other impending problems.

• For Widows and Orphans—Almost from life insurance's beginnings, the industry has leaped ahead year after year, practically without a break. The beginnings were in Philadelphia in 1759, with the church-sponsored Corporation for Relief of Poor & Distressed Presbyterian Ministers & of the Poor & Distressed Widows & Children of Presbyterian Ministers. Now known, more



EXPANSIVE?
YES

EXPENSIVE?
NO

In these days of tight purse strings, business men face the problem of how to build well, economically. Solution: The permanence of reinforced concrete, with Ceco Steeldome floor construction. Expansive? Yes. Wide open spaces... fewer columns... more area to use. Expensive? No. Savings in materials... all weather construction... earlier completion date. Ceco Steel Products Corporation. Sales offices, warehouses and fabricating plants in principal cities. General offices: 5601 West 26th Street, Chicago 50, Illinois.

IN CONSTRUCTION PRODUCTS CECO ENGINEERING MAKES THE BIG DIFFERENCE Steelforms / Concrete Reinforcing / Steel Joists / Windows, Screens, Doors Cecoframe Buildings / Roofing Products / Metal Leth

	_		_	_	
4	•	E	C	o	
	C	TI	FI	Fi	
		•	-		٠,

CECO STEEL PRODUCTS CORPORATION 8801 West 26th Street, Chicago 85, Hillnois Please send catalog No. 4007 covering Ceco architect.		e construction	BW to pass on to my
Name		Pecition	
Firm			
Address			
City	7000	State	

tidily, as the Presbyterian Ministers' Fund, it's the world's oldest life insurance company in continued existence.

By 1900, the industry's total assets stood at around \$1.6-billion, and total life insurance in force in the U.S. was about \$7-billion. In 1929, the figure for life insurance in force topped \$100-billion for the first time. The total dropped only in 1932 and 1933; by 1934 it was then on the way up again, to a record \$107.8-billion by 1937. Assets that year exceeded \$26-billion.

Since World War II, the showing has been especially remarkable. Total assets, life insurance in force, and new sales have risen faster than gross na-

tional product.

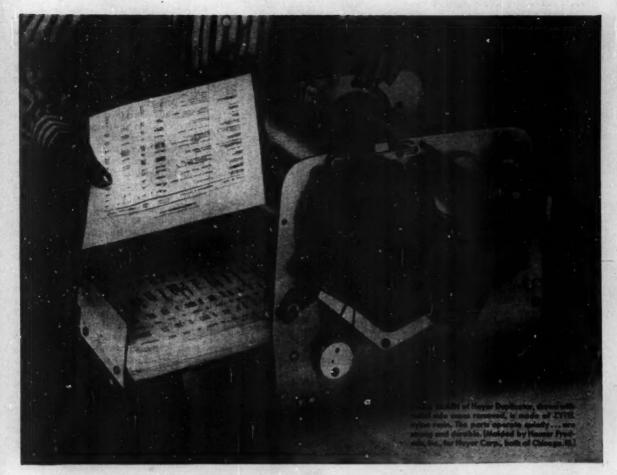
These gains, of course, are reflected in life company income, from both investments and premiums. Except during the brief setback in the 1930s, income has climbed steadily. Most life company income—more than 76% of some \$19-billion last year, for example—comes from premiums; so the key to health is sales. But investing cash from the premiums brings a handsome return itself, and the life companies' assets today total around \$101-billion—the biggest single pool of private investible funds in the world.

• Boom in Beneficiaries—Of the many reasons offered for growth of life insurance sales, probably the major one is population growth. U.S. population has more than doubled since 1900; to this, the "baby boom" of the last decade made a spectacular contribution. At the same time, there has been a rise in disposable personal income, partly stemming from inflationary forces but still providing more dollars for more things

-including insurance.

One of the shifts accompanying population growth has been an increase in the proportion of Americans falling in the dependent ages. This has built pressure among the breadwinners for broader life coverage. And since inflation has reduced the real value of existing policies, there has been a tendency to increase face value of coverage. Last year, the average family owned about \$8,300 worth of life insurance, compared with \$3,900 ten years earlier.

• Kinds of Coverage—At the end of 1957, ordinary life insurance represented about 58% of the total insurance in force; the sales gain in this department was about 24% over the year before. Group insurance in force came to about 29% of the total; in that category, sales had risen 14% over 1956. Industrial insurance (sold in small denominations for weekly or monthly premiums, usually paid in cash to a company representative) fell off about 6% in 1957 sales, but it still accounted for about 9% of the total in force. A



## Here's how you can insure long service life with machine parts of Du Pont ZYTEL® nylon resin

When a manufacturer changes over to a distinctly different material for a train of components, you can be sure that he had good reasons for the change. In the case of the Heyer duplicator, all of the reasons are based on the properties of Du Pont ZYTEL nylon resin.

The high strength of ZYTEL makes possible mechanical components of exceptional durability. ZYTEL can be molded cleanly into intricate shapes

requiring no finishing after molding. The material produces resilient gears that run quietly with no backlash. Gear teeth can be molded with larger tolerances than comparable metal gears, due to the resilience of Zytel. Parts made of Zytel have outstanding resistance to wear and absorb vibration. They are light in weight . . . highly shock resistant. Best of all, injection molding of Zytel in multicavity dies can lead

to considerable savings.

Designing your mechanical parts with ZYTEL may well give you a smoother running, longer lasting product at reduced expense. ZYTEL is available in many formulations to answer a great variety of product requirements. To learn more about how product improvement might be accomplished, write for the facts about ZYTEL and it end-uses. Mail coupon below.

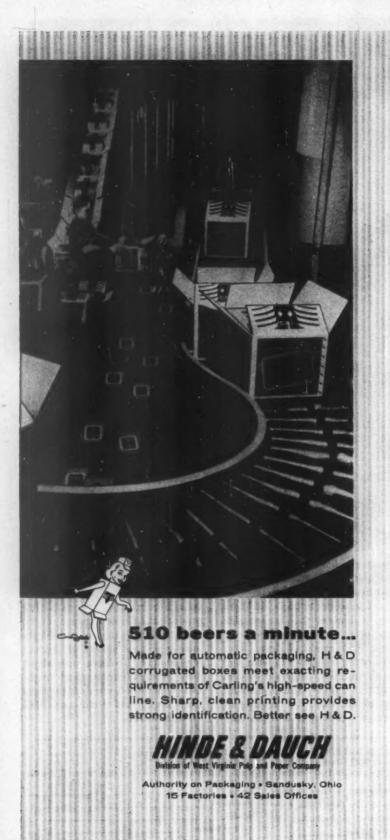
Watch the "Du Pont Show of the Month" ninety minutes of the very best in live television—CBS network



BETTER THINGS FOR BETTER LIVING

	(Inc.), Polychemicals Department
oom 6329. Du Pont Building,	Wilmington 98, Delaware
n Canada: Du Pont Company o	of Canada (1956) Limited, P. O. Box 660, Montreal, Quebec

Name	
Pirm Name	
Position	
Type of Business	
Street Address	
City	State



small-but growing-area of the life business is credit insurance, to cover outstanding debt in the event of the borrower's death.

Two relatively new types of coverage offered by life companies have had a tremendous impact on the industry in

the past year or two:

Family plans, first brought into prominence when introduced by Prudential Insurance Co. in 1956, call for a whole-life policy for the father and term insurance for other members of the family. Douglas S. Craig, a vice-president of Metropolitan Life Insurance Co., describes the introduction of the family plan as "one of the most significant things to happen to the life busi-ness in the last 10 years." Metropolitan began selling family plans only in February, 1957, but issued 23.5% of its ordinary policies last year on that basis. "If we didn't have the family policy, says Craig, "our ordinary sales wouldn't have been up as much as they were. It was a shot in the arm to our business."

Major medical plans, another fairly new sort of coverage, made their big push in the last two years. They help pay costs of major accidents or illnesses not covered by basic plans such as Blue Cross or individual accident or sickness policies. Some 45% of major medical policies in force today are carried by Metropolitan alone. Metropolitan's Edwin C. McDonald, vice-president in charge of group sales, terms them "the fastest growing product in our line."

• Entering Wedge-Even though group insurance has for many years been a substantial chunk of new life business, many agents and company executives once viewed group policies with disfavor. One agency manager resigned when his company sold a big group policy directly to the largest plant in his Eastern industrial town. "Practically everybody now has insurance," he complained, "so I'm not needed any more." Like many of his colleagues, he thought group sales cut into sales of ordinary policies. But his company persuaded him to stay, and in the next year he sold more life insurance than before.

The explanation, at least partly, is that group coverage-through an employer, professional association, or membership organization-gives the insurance salesman a foot in the door. The expansion of social security and the widespread use of National Service (G.I.) life insurance also help make the public insurance-conscious. Says Richard J. Learson, vice-president in charge of group sales for Mutual Life Insurance Co. of New York: "Some insurance companies get more new business each year from established groups than from new groups." This comes both from additional group coverage and



## CANCER 1958

#### what is the outlook?

While cancer is still one of our nation's greatest health problems, several recent developments are encouraging.

- The mortality rate from cancer among women has been declining. The total decrease is substantial in degree—no less than 15% in the last ten years alone among several million women ages 25 to 74.
- The proportion of cancer patients surviving 5 years or more after diagnosis has measurably increased. This improvement is recorded for most major sites of cancer, and is especially large for certain cancers among women and for cancers of the digestive system.

Such facts indicate that still greater gains are possible. In this connection, the American Cancer Society states:

"One half of all cases of cancer could be saved with present knowledge if individuals would seek medical attention early enough, and if the latest and best means of diagnosis and treatment can be made more generally available." So, pending a major break-through against this disease, you are the first line of defense against cancer. And here are the things you should do to make your defense as strong as possible:

1. Know cancer's seven warning signals. Should one of these signals appear, no time should be lost in seeing your doctor. In the vast majority of cases, a danger signal turns out, upon examication, to be a symptom of some other condition.

#### Cancer's Seven Warning Signals

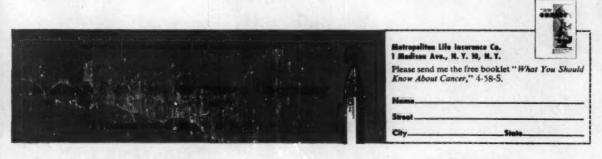
- 1. Any sore that does not heal.
- A lump or thickening in the breast or elsewhere.
- 3. Unusual bleeding or discharge.
- 4. Any change in a wart or mole.
- Persistent indigestion or difficulty in swallowing.
- 6. Persistent hoarseness or cough.
- 7. Any change in normal bowel habits.

2. Have regular health examinations. According to the American Cancer Society, in 99 out of every 100 people examined, no cancer is found. People who seek examination are relieved of worry if they do not have the disease. Those who have it, and are promptly treated, have a materially better chance of cure.

Remember, many cancers occur in parts of the body which a general practitioner can readily examine. Should you notice changes in normal body functions between examinations, have another check-up.

3. Avoid any treatment except your doctor's. Cancer is cured only by skilled physicians using surgery, X-ray, radium and other forms of radiation. In many forms of cancer, the majority of cases can be saved when diagnosed early and properly treated.

Current research on the causes of cancer, its prevention and treatment gives even greater hope for the future. But it is still important for you to be alert to cancer's danger signals and get prompt treatment should one of them occur.





### IDENTICAL





## ...and each lot produced in a different Fort Wayne plant

Fort Wayne mass produces corrugated shipping containers uniform to specifications whether the order's filled in Rochester, Pittsburgh, Hartford City or Chicago, or in any combination of these modern Fort Wayne plants.

This precision production comes of completely integrated operation, experience, co-ordination . . . and advanced laboratory control not only of manufacture

but of the very raw materials with which manufacture starts.

manufacture starts.

That's why shippers are sure with Fort Wayne containers.

A copy of the company's latest financial report may be obtained by writing to Harold M. Treen, President, Fort Wayne Corrugated Paper Company, Fort Wayne 1, Indiana.

Fort Wayne

CORRUGATED PAPER COMPANY

GENERAL OFFICES . FORT WAYNE 1, INDIANA



from ordinary policies taken out by individual group members on their own.

For these reasons, many former opponents of group insurance have changed their tunes. Until last year, H. Bruce Palmer, president of Mutual Benefit Life Insurance Co., was bitterly opposed to group. The company's final decision to go into group sales, he says, was "based only upon one fact—group can be the means of distributing the ordinary product, if the two are intelligently and properly integrated."

gently and properly integrated."

• List of Prospects—Almost anybody—even tuberculars, diabetics, and cardiaes—can now qualify for a life policy. But many observers, both in and out of the industry, think the major market for new group insurance is only among employees. Louis W. Dawson, president of Mutual of New York, however, feels the market is ripe for group plans among smaller businesses, associations of smaller companies in a given field, and associations of professional people. Metropolitan's McDonald has his own list of hot prospects for future growth of the life companies:

• Dealer business, to businessmen such as auto dealers and their employees, agents. "We haven't scratched the surface of the dealer business," says McDonald. Last year the industry had in force \$1.75-billion worth of insurance in this category; McDonald foresees another \$25-billion to \$30-billion yet to be written.

 Gredit insurance, to cover borrowers—including mortgagors—in event of death. "A potential of \$125-billion to be written," says McDonald.

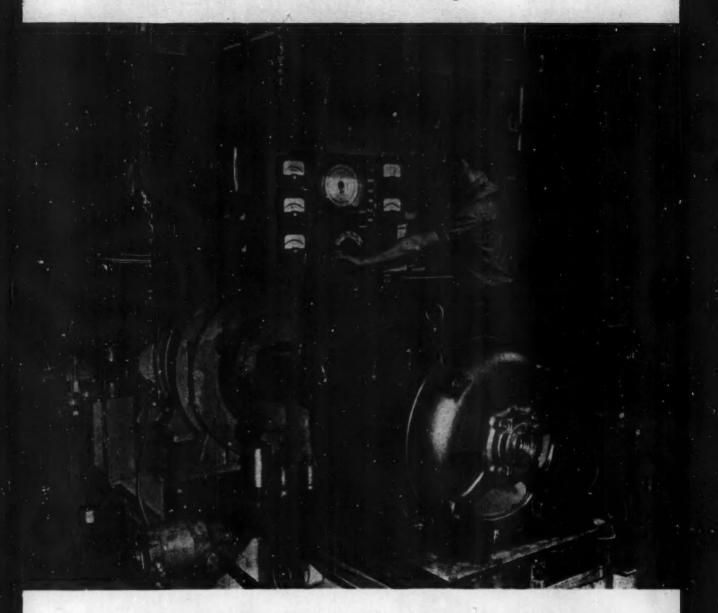
 Major medical. Premiums rose from \$18-million in 1954 to more than \$150-million last year, and McDonald brands this "just a beginning."

• Cheaper in Quantity—As one inducement to sales volume, the life companies have begun to offer "quantity discounts"—the bigger the policy, the less it costs per \$1,000 of coverage (BW—Nov.2'57,p50). In the first six months after one company made this "cheaper by the dozen" offer, its sales jumped more than 30%, and the face value of its average policy climbed from \$6,800 to \$8,300.

In general, premiums on life policies have remained relatively unchanged in the past 20 years. So have agents' commissions. As for the companies' costs, the ratio of operating expenses to total income was a bit over 17% last year, close to what it had been both 10 and 40 years earlier.

The fact that commission rates haven't risen with pay in other industries, makes it more difficult to recruit agents. But the companies say agents' incomes swell all the time, with increases in average policy size and num-

#### ... Your best motor investment is Century



## Century tests every motor... to make sure it gives full performance

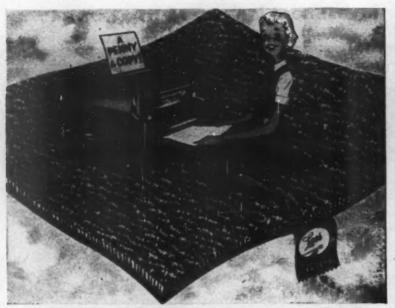
Rigorous performance tests are conducted to prove these electric motors before they get the Century stamp of approval. When you see a Century motor put through its paces you know this approval is well earned.

In this plant there is no "random sampling" or "statistical average" on performance. Century tests every motor... big as 400 HP, small as 1/20 HP... to make sure you get the performance you expect. Field records—and our customers have furnished us impressive ones—are further proof your best motor investment is Century.

Specify Century's individually tested motors to take care of your requirements. Call your local Century man or Authorized Century Distributor.



CENTURY ELECTRIC COMPANY
St. Louis 3, Missouri • Offices and Stock Points in Principal Cities



#### Bruning Copying Machines Make "Heavenly" Paperwork Savings for Famous Carpet Company!

James Lees and Sons Company, famous makers of "those heavenly carpets by Lees," uses modern Bruning Copyflex copying machines to process over 150 different forms and reports on a fast one-writing basis.

In one warehouse order-invoice operation, alone, Copyflex saves over \$10,000 annually in clerical work. Customer invoices are mechanically reproduced by Copyflex directly from original written or typed orders. This has completely eliminated clerical rewriting, retyping, and proofreading; has saved the expense of three typists during peak-load periods.

You, too, can eliminate a vast amount of clerical work with Copyflex. Machines are clean, odorless, economical—letter-size copies cost less than a penny each for materials. Desk Top Model, shown above, is \$555. Larger models available. Get full information about Copyflex by mailing the coupon now.

Charles Bruning Company, Inc., Dept. 31-E
1800 Central Read, Mount Prespect, Ill.
Offices in Principal U. S. Cilies
in Conada: 105 Church St., Toronto 1, Ont.
Please send me booklets on Copyllex for
Order-Invoice Other applications

Name
Title

Company
Address

ber of policyholders being the rule.

• Clouded Horizon—Despite the life companies' brisk expansion since World War II, there are reasons for concern over the future. Formation of new life companies has been rapid recently: Last year, there were almost 1,300 life insurance companies in the U.S., compared with about 620 in 1950. Moreover, even fire and casualty companies in competition (BW-Jun.8'57,p80). In other words, the available market is being spread thinner. Also, although insurance sales are increasing, the insurance industry's share of the consumer's dollar has shrunk from 5.7% in 1938 to about 3.8% today.

However, life insurance men think the public is still considerably underinsured. One company executive puts it this way: "About 75% to 80% of property value in this country is covered by insurance. But only 10% to 15% of human life is covered. The average breadwinner carries insurance amounting only to one year and eight

months of his income.'

#### Setback for CCC

Kansas judge says Commercial Credit is a lending agency, subject to usury laws. He bars collections for now.

Commercial Credit Corp., locked in battle with the attorney general of Kansas (BW-Mar.15'58,p102), last week received a setback. Judge Raymond H. Carr granted a temporary injunction forbidding CCC to collect further interest payments on 17 car loans that Atty. Gen. John Anderson, Jr., had alleged were usurious.

Judge Carr rejected Anderson's request that he appoint a receiver for the finance company's assets in the state, but he directed Commercial Credit to turn over all of its Kansas records to the attorney general for additional

study.

The judge also directed the company to post a \$300,000 bond to show it would comply with the order to hand its records to Anderson. The corporation was given 10 days to file additional briefs.

• Lending Agency—In granting the temporary order, Judge Carr ruled that CCC was a lending agency under the terms of the Kansas statutes, as far as the 17 cases at issue were concerned. He said that none of the contracts submitted in evidence came within the scope of the bonafide time payment agreements as the finance company contended.

The key issue is whether CCC is a

## "I LEARNED A LOT FROM 75 MILLION MILES



Central Station, Chicago, Illinois

## FORD FLEET "STAYING" POWER IS PAYING POWER

When fleet owners get the facts they go Ford. There's value you can bank on to begin with, low running costs, less downtime as the miles roll by. Only Ford cars offer the economy of short-stroke Six and Thunderbird V-8 engines. Compared to its nearest competitor, the 58 Ford is the most durably built . . . best weatherproofed and insulated

... has the highest quality upholsteries ... the only double-sealed brakes and a real payload of other features that put Ford first in line for economy, durability and all-round value. These are only a few of the reasons why Fords are preferred for fleet use. Your pearest Ford Dealer can prove it! See him soon... this is only the beginning of the story.

Dependability is the byword of 58 FORD FLEETS

## MOTOROLA 2-WAY RADIO

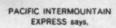
FOR INDUSTRIAL COMPANIES



GENERAL MOTORS

"In our Allison Division, radio gives us faster routine handling of materials, plus a 30% savings in power truck operating costs."

Now when a foremen needs materials moved, the dispatcher can radio a fruck right in the area and get it there without delay. Motorola radio, speeds up deliveries and saves useless "deadheading" time.



"Motorola radio not only increases our efficiency, it gives us a big competitive edge."

Through constant dispatcher contact with every driver, P.I.E. saves enough money on phone calls and reduced truck miles to pay for its Motorola 2-way radio. The improved customer service is a business-building bonus.

U. S. METALS REFINING CO. says,

"Motorola radio has doubled the output accomplished by each truck."

Moving materials around 185 acres was a headache until Motorola 2-way radio was put to work. Now any truck, crane or locomotive can be contacted instantly and quickly moved where needed by the dispatcher.

If your business uses vehicles, you can use 2-way radio profitably.

Motorola 2-way radio is protecting profits for tens of thousands of companies every day . . . cutting costs and boosting efficiency in dozens of ways. Eliminating non-productive vehicle miles . . . reducing the need for overtime . . . preventing costly production delays—these are typical of the time and money savings reported.

If your business uses vehicles, you too can use

Motorola 2-way radio profitably. It's simple to obtain Motorola mobile radio; all details are handled for you. Motorola's complete 2-way radio "package"—systems engineering, financing, installation and maintenance—assures you of the finest communications system, designed to fit your needs.

Find out about the profit potential Motorola 2-way radio holds for you. Write or telephone today.



MOTOROLA 2-WAY

MOTOROLA Communications & Electronics, Inc., A Subsidiary of Motorola, Inc., 4501 Augusta Boulevard, Chicago 51, Illinois

# A few of the tens of thousands of **MOTOROLA**2-way radio users

Allis-Chalmers Manufacturing Co. **Aluminum Company of America** Anaconda Copper Mining Co. Armco Steel Corp. Ashland Oil Co. Bethlehem Steel Co. Boeing Airplane Co. California Packing Corp. S. A. Camp Farms Company Carrier Corp. Caterpillar Tractor Co. Eastern Air Lines Inc. Eastman Kodak Co. **Dravo Corporation** E. I. Du Pont De Nemours & Co. Ford Motor Company Great Northern Paper Co. **Greenlee Brothers** Grumman Aircraft Engineering Corp. Hammermill Paper Co. Hooker Electrochemical Co. International Minerals & Chemical Corp. Johnson & Johnson Kaiser Steel Inc. Lockheed Aircraft Corp. Minute Maid Corp. National Container Corp. Ohio Oil Co. Pacific Fruit Express Co. Phillips Petroleum Co. Swift & Co. The Timken Roller Bearing Co. Trubek Laboratories, Inc. West Virginia Pulp & Paper Co.



Weyerhaeuser Timber Co.

lending agency. Until now, Kansas, like a majority of states, has not viewed installment or "time" sales as loans. But now Anderson is asking a district court to rule that they are just that. If the court goes along, then such sales, made via "conditional sales contracts," will fall under the umbrella of the state's usury laws, which place a limit of 3% a month (or 36% a year) on interest charged for loans. Anderson says that in some instances Commercial Credit gets as high as 72%, twice the state-allowed maximum.

The company claims it has no control over finance rates. These are set by dealers, CCC contends, who sell their conditional sales contracts to the company at a discount.

• Other States-Finance companies all

over the U.S. are watching the case closely. If Anderson wins, they fear that other states will initiate similar suits. This would make it difficult for the finance companies to do business in states whose usury laws don't allow interest rates high enough to cover the business costs of the finance companies and which do not have special laws to regulate them.

Commercial Credit plans to appeal Judge Carr's order in the Kansas Supreme Court. The injunction remains in effect, unless reversed, until a court trial settles the basic issue.

Anderson and his staff are preparing to wade through CCC records, but see little possibility of doing the job adequately. They do not feel their staff is large enough to do a good job.

#### Bank Gets Credit for German Revival

Yale professor's study praises the leadership of Germany's central bank during recovery.

Germany's recovery from the ruins of World War II to its present position as the most prosperous country in Europe has been the subject of a great deal of study and discussion. One expert on the question, Prof. Henry C. Wallich of Yale University, made a new contribution with a study that credits the Bank Deutscher Laender, Germany's central bank, with a crucial role in the revival of the German economy.

In coming to this conclusion, Wallich implies that Germany's orthodox monetary policy, carried out by a central bank independent of the government, should serve as an example to other nations. In saying this, he is bolstering the position of the U.S. Federal Reserve, which has also favored independence and orthodoxy.

Last summer, the Bank Deutscher Laender became the Deutsche Bundesbank under a new law that was aimed at clarifying the relationship between the government and the bank. Under the law, the bank remains independent in carrying out its functions, but the government can not take part in discussions of the bank's policies. The bank is supposed to "support the general economic policy" of the government as long as it is compatible with its own policy. Just what happens if there is a conflict is not spelled out.

As long as the present government is in power, no real conflicts are likely. For both the bank and the government have pursued the same policies in bringing about recovery.

Wallich makes clear that Germany possessed a number of other advantages that aided recovery—the influx of cheap refugee labor from East Germany, the lack of a heavy rearmament burden, the cooperative attitude of labor. In addition, Germany received big doses of foreign aid, and her people showed a "willingness" to "work hard in order to make good war losses."

• Spurs to Investment—Wallich states that these advantages would have been dissipated if the government and the central bank had not followed "deliberate policies" aimed at assuring both recovery and monetary stability. The government managed to achieve budgetary surpluses that helped to spur investment. Wallich reports that 42.2% of total investment came from business itself, 21.8% from consumer savings, and 35.9% from the government. Only 29.2% of surplus government funds went into government investment; the remaining 70.8% was diverted into business investment and housing.

But it was the central bank's policies that created the environment for expansion, says Wallich. Although it was independent of the government, it shared the same aims: to raise output of the domestic economy and to stimulate international trade.

• Conservative Course—From the beginning, the bank took an orthodox view. It did not follow the easy money policies of other European countries, which pumped credit into the economy to spur investment and production, and used import controls and export subsidies to keep international payments in balance. Instead, the German bank deliberately aimed at maintaining a stable currency and freeing trade from controls.

The bank's decision was motivated, in part, by Germany's earlier ruinous inflations. It felt that a stable currency would be the key to reviving exports



The "Thermo-Fax" Copying Machine

#### ...it's the fastest way to copy-try it!

The fast "Thermo-Fax" Copying Machine is the only All-Electric, dry process copy maker. With it you make copies in 4 seconds by electricity alone. You eliminate chemicals, negatives. You get your copies for as little as 5¢ each. Try it. Use it on your own business communications, on any forms you now must retype or duplicate. You'll see how the clean, modern simplicity of this exclusive dry copying process can save you time and money over any other copy method. For your demonstration, call your dealer. Or for details and your free copy of our new business communications book, just send the coupon below.

#### MINNESOTA MINING AND MANUFACTURING COMPANY

where RESEARCH is the key to tomorrow







Minnesota Mining & Manufacturing Company Dept. HR-3298, St. Paul 6, Minnesota

Send full details on the dry process THERMO-FAX "Secretary" Copying Machine and my free copy of your new book, Better Business Communications.

Name

Company

Address

"Thermo-Fax" and "Secretary" are 3M Company trademarks

Zone

while keeping domestic demand—and prices—in check. Walkich points out that Germany's money managers did not put much stock in credit policy as a contracyclical weapon, and "definitely rejected a policy of full employment despite the large-scale unemployment that prevailed for a number of years."

In this respect, Germany differed from the rest of Europe and also the U.S. The central bank's job was made easier because it did not have to bow to demands to provide opportunities

for employment.

• Tests-In practice, the bank's position was put to some severe tests. But Wallich feels it met them successfully. For example, it faced inflationary pressure immediately after the currency reform of 1948, again during the Korean War, and a third time when worldwide inflation erupted (BW-Jul. 27'57,p33). Each time, prompt restrictive measures kept "price increases in Germany lower than in almost any other country."

Similarly, when stagnation pressures were felt-prior to Korea and during the U.S. recession of 1953-54-the bank resisted demands for an easier policy. And says Wallich, "It was largely vindicated by the speed with which the economy's inherent dynamism pushed

forward to new heights."

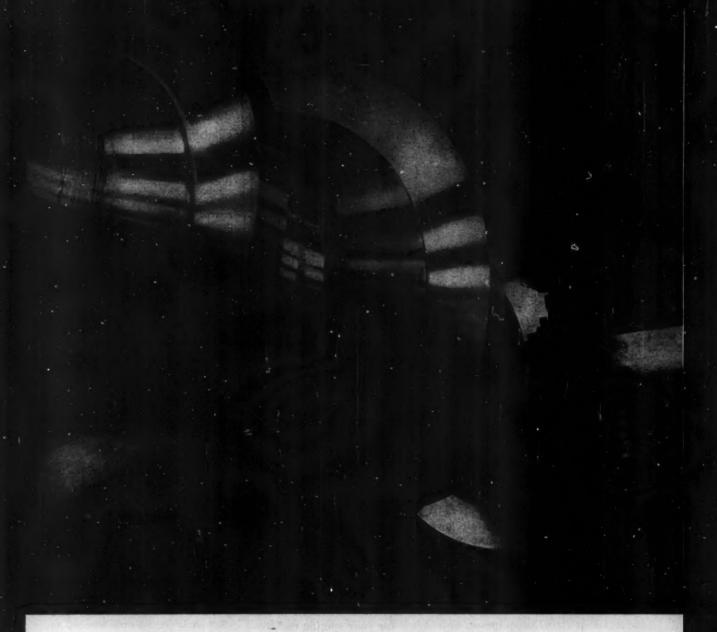
It should be noted that the bank's restrictive policy did not curtail the money supply as it has in the U.S. Because of the economy's rapid growth, Germany's money supply and credit expanded without upsetting the price level.

• Methods—Throughout the period of recovery, interest rates were high. The central bank's discount rate in the past 10 years ranged between 3% and 6%—while the Fed's has fluctuated between 1½% and 3½%. U.S. banks have not charged more than 4½% to prime borrowers, but German banks have charged 7½% to 12% in similar cases.

For the most part, the German central bank relied on the three traditional weapons of orthodox monetary policy—the discount rate, reserve requirements, open market operations. But it also instituted rediscount quotas for individual banks, and used "moral persua-

sion" to keep banks in line.

The new law, according to Wallich, does not weaken the bank's powers or alter the relationship with the government that came into being during the recovery period. In fact, the law formalizes the existing arrangement, which provides for a delicate combination of cooperation and independence between the government and the bank. But Wallich feels that it is impossible to tell how well this formalization of the relationship will work if a conflict over economic objectives ever arises. END



#### As heavy as fifteen big elephants and machined as close as a whisker

This huge steel shaft is one of eight which we forged and machined at our Bethlehem, Pa., plant for use in generating equipment at The Dalles Dam on the Columbia River. There its job is to help send electric power humming to the homes and industries of the growing Northwest.

The shaft begins as a solid mass or ingot of red-hot steel which is squeezed and worked into rough shape in a pow-

erful hydraulic press. After subsequent steps of reheating and additional forging, it is carefully machined to the gleaming finish you see above.

Its finished weight is 190,000 pounds, or 95 tons. Stated another way, it's about the same weight as 15 big African elephants, at about 6 tons each!

Forgings of this spectacular size call for months of painstaking planning and infinite care at every stage. They also require massive equipment, plus the skill and judgment that come only with long experience.

But the big "show pieces" are only a fraction of our output. We're equipped to forge, heat-treat, and machine any kind of forging—from giant cylinders and columns weighing more than 100 tons to drop forgings that are small enough to tuck into your pocket.

BETHLEHEM STEEL





There are clear profits in fresh eir. Gruybar will be glad to work with you or your electrical contractor in planning a ventilating system using standard ILG units that will cut worker fatigue, reduce costly accidents and material spoilage, and speed production all around.

# Let Graybar help you reduce production costs with planned ventilation

Fumes, dust, heat and foul air lower working efficiency. And they increase your plant operating costs. Whether the situation calls for portable fans for spot cooling, or self-cooled propeller fans and universal blowers for large-volume circulation, ILG fans and blowers, available from Graybar nationally, are the best-built units you can use.

Call your nearest Graybar office for free survey help on any ventilating job. We'll be glad to help you or your electrical contractor in the selection of the ILG equipment best suited for your specific requirements. Remember Graybar. It's your most dependable single source of everything electrical. If you'd like a catalog covering the complete range of ILG units available from Graybar, and you are located in the U. S. or possessions, write us for your copy.

Your telephone will put you in prompt contact with any one of over 130 Graybar offices and warehouses. Complete catalog information and quotation service is yours for the asking, on over 100,000 electrical items for wiring, lighting, communication and power as well as ventilation.

CALL GraybaR FIRST FOR

GRAYBAR BLECTRIC COMPANY, INC., 420 LEXINGTON AVENUE, NEW YORK 17, N. Y. IN OVER 130 PRINCIPAL CITIES

#### Wall St. Talks . .

bankers' acceptances . . . new use for jobless aid . . . climbing copper sales.

Bankers' acceptances, commercial and finance paper are going great guns. In February, outstanding acceptances climbed \$100-million to reach \$1.5-billion, highest since late 1930; commercial and finance paper rose \$283-million to top \$3.6-billion—a gain of 32% over the year before. Streeters say the busy markets are due to the reluctance of bankers to cut their lending rates, which are holding between 4% and 4½% at a time when many borrowers can sell commercial paper at less than 3%, or can finance by acceptances at a cost of 3½%.

Copper sales have finally started to climb, Streeters hear, although there is no matching rise in the sales of goods made of copper or copper alloys. Instead, the increase seems due to speculation in New York and London futures contracts by interests not normally seen in the copper markets; the speculators apparently believe that copper prices have hit bottom and will soon be stimulated by industrial restocking of "much depleted" inventories.

The open-end investment trust that is being organized by Lehman Bros. (BW-Mar.15'58,p108) may start in by selling between \$30-million and \$50-million of shares to the public, according to Street gossip.

Here's how a "pro" investor—the Common Stock Fund of Group Securities, Inc.—had shifted its portfolio at the end of February: food stocks made up 13.1% of assets, compared with 4.96% in 1954; tobaccos were up to 13.8% from 7.21%; utilities 21.6%, up from 3.12%. On the down side, mining shares had sagged to 2.2% from 10.03%; rails to 5.5% from 11.05%; steels to zero from 11.8%.

Don't be too impressed by the bullish comments on the Big Board's short position in mid-March—close to 4.5-million shares, the highest since May, 1931. It's true enough that a large short position provides a technical cushion for the market, because it must sooner or later be covered by buying. However, this does not mean that the market can't drop sharply while the covering is going on. From May, 1931, to June, 1932, covering reduced the market's short position by 62%, from 5.6-million shares to 2.1-million. But in the same period industrial stocks plunged 66%.



YOU'LL LIKE BEING LOOKED AT in your beautiful '58 CHEVROLET. That's only natural. For you know that the boldly sculptured lines of that longer, lower Body by Fisher set a new style in styling. And every move your Chevy makes tells you there's new high-mettled performance to go with that exclusive high-styled look.

There's a special kind of glow that goes with owning a new Chevrolet. Behind the wheel, you feel like you're right where you belong. You know you're being looked at—and you couldn't look better.

You're driving the car with the styling that's causing the year's biggest stir. The plain fact is, people like to look at Chevrolets. They especially like those boldly sculptured contours and that graceful gull-wing rear. You can't miss or mistake a Chevy!

But this car brings you satisfaction that goes far beyond its beauty. It surrounds you with the bank-vault solidity of famous Body' by Fisher. It carries you serenely over the miles with a smoothness that could only come from a new kind of Full Coil suspension—or Chevy's real air ride\*. It responds with a silken rush that tells you here's something wonderfully new in the way of V8 power.

Driving this new Chevrolet is much too good to put off. Your Chevrolet dealer will arrange it... Chevrolet Division of General Motors, Detroit 2, Michigan.

\*Optional at extra cost.





# BEFRESH



so light

## The bigger the sign, the greater the need for a tough plastic like Tenite Butyrate

## Giant plastic sign is 40 feet high, 25 feet wide and contains 3000 pounds of Butyrate plastic

Remember this use of Tenite Butyrate, the next time you're looking for a tough plastic that must endure outdoor exposure.

Reputedly the largest plastic-faced structure in the world, this illuminated sign measures 25 by 40 feet and is mounted on a steel structure 52 feet high. The plastic alone weighs 3000 pounds. It's truly a giant, but there's more of a story here than mere size.

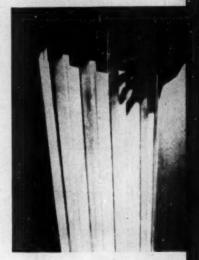
To protect the investment needed to build such a sign, the designers had to choose a plastic that was tough enough to survive handling and erection hazards, sturdy enough to endure whatever impacts would be encountered, rigid enough to resist any buckling throughout its 40-foot length, resilient enough to absorb the twisting effect of strong winds...and weather-resistant enough to take the rigors offered by Midwest summers and winters.

In Tenite Butyrate, the designers found a plastic that could meet their performance requirements. For many years this Eastman plastic has been proving its toughness and weather durability in hundreds of outdoor applications.

Another advantage of Tenite Butyrate was its good working properties and the ease with which it could be extruded into the necessary corrugated form shown at the right. For this sign was not made by piecing together short panels of plastic; instead, the sign was fabricated by interlocking 40-foot lengths of corrugated extrusions, each one foot wide. All decorating on the white sign face was done by overlaying sheets of Tenite Butyrate in various colors. These can be changed at will to vary the advertising message.

What jobs do you have for so versatile a plastic as Tenite Butysete?—Its mechanical properties, its outdoor durability, its easy workability, and its availability in any color in clear, opaque or variegated forms result in uses ranging from the popular new color telephones to pipe for carrying corrosive fluids. To discuss any use you might have for Tenite Butyrate, write EASTMAN CHEMICAL PRODUCTS, INC., subsidiary of Eastman Kodak Company, KINGSPORT, TENNESSEE.

CLOSE-UP shows extruded construction of sign face. Sign is so bright, a newspaper can be read by its light 3 blocks away. Development of glant sign took years of planning.



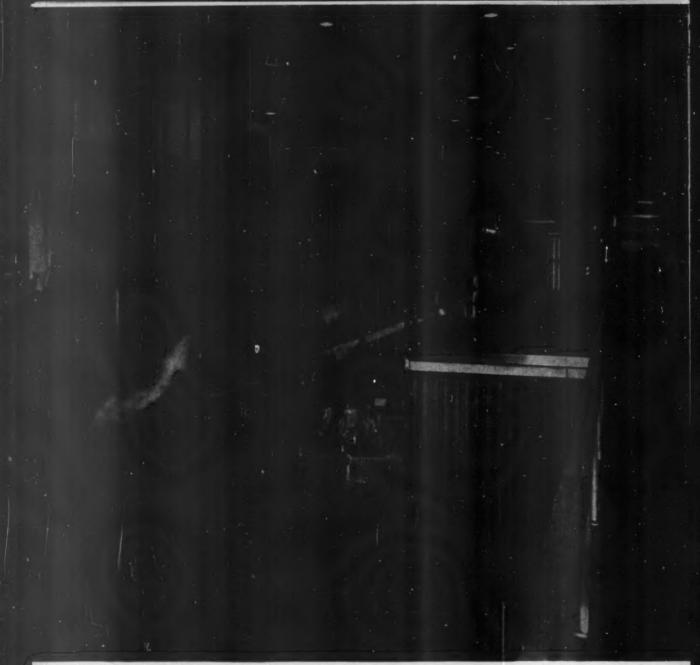
SIGN DETAILS: Sign constructed by Everbrite Electric Signs, Inc., 1440 N. Fourth St., Milwaukee 12, Wisc. Unit conceived and designed by Jos. Schlitz Brewing Company, Milwaukee 1, Wisc. Corrugated sheet extruded by Southern Plastics Company, 408 Pendleton St., Columbia, S. C. Overlay sheets extruded by Southern Plastics Company and by Midwest Plastic Products Company, 1801. Chicago Rd., Chicago Meights, III.



TENITE

BUTYRATE

an Eastman plastic



REVERSING ROUGHER ON NEW STRIP MILL-FIRST PHASE OF REDUCING SLABS TO STRIP STEEL

D'ARAZIEN

### Big strip mill goes to work at the new J&L

Strip steel of high uniformity is produced on this ultra-modern 44-inch hot strip mill at Jones & Laughlin's Aliquippa (Pa.) Works.

This \$36 million addition to J&L's facilities supplies fine-quality steel strip for tubular products and tin plate produced at the Aliquippa Works.

In the rolling operation the reversing rougher receives the white hot slabs from the furnace, rolls and squeezes them thinner and longer and sends them to the finishing stands. The rougher may be placed under automatic controls by inserting punch cards in a "reading" unit.

This new mill is another reflection of the forward

thinking at the "new" Jones & Laughlin—the modern steel company—the nation's fourth largest producer of steel and steel products.



Jones & Laughlin

J&L...A GREAT NAME IN STEEL

### In Washington

### Antitrust Clearance Asked for Plan To Bring Gas Into Chicago Area

The Justice Dept. has been asked to give antitrust clearance to a plan that promises an additional 260-million cu. ft. of gas daily for the Chicago area by next winter.

The clearance was sought by George R. Perrine, chairman of the Illinois Commerce Commission, who got tired of watching pipeline companies feud before the Federal Power Commission and decided to step in as mediator.

After meeting with representatives of 10 pipeline and distribution companies, Perrine came up with this plan: Midwestern Gas Transmission Co., a subsidiary of Tennessee Gas Transmission, would build a \$45-million gas line from Portland, Tenn., to Joliet, Ill. The Chicagobound gas would be sold by Midwestern to two subsidiaries of Peoples Gas Light & Coke Co., which previously had been Midwestern's major foe in a Tennessee-to-Canada pipeline case before the FPC.

Although the Justice Dept., which is leading a grand jury investigation of the original gas case, declined to make public its answer to Perrine, the plan has been placed before the FPC. In its application for approval, Midwestern asked for a quick decision—by Apr. 15—so the additional gas would be available in Chicago in time for the next heating season.

### Democrats Balk at AEC Plan To Aid Private Reactor Project

Democrats in Congress oppose the Atomic Energy Commission's plan to spend up to \$30-million helping Pennsylvania Power & Light and Westinghouse develop and build an advanced atomic power reactor.

The proposed reactor would be a single-region, homogeneous slurry type with a capacity of 70,000 kw. to 150,000 kw.

The two companies started work on the project in mid-1955 on their own, but requested help from AEC last December.

Under the terms of the arrangement tentatively approved by the commission, AEC would provide \$7-million in preconstruction research and development work over a two-year period. At the end of this period, the companies and the AEC would decide whether the project shows enough promise to warrant further effort.

The Congressional skepticism, which has its roots deep in the Democratic antagonism toward AEC Chmn. Lewis Strauss' program of partnership with private enterprise, was voiced when the legislative subcommittee of the Joint Committee on Atomic Energy reviewed the proposal.

Sen. Clinton Anderson (D-N. M.) declared that in 1956, PP&L's "main purpose in life was to destroy the

Gore-Holifield bill," which called for federal reactor construction. He said the company at that time claimed it could go forward without government help—and set January, 1958, as the deadline for a decision on whether to build the plant. Now, says Anderson, the company wants government help and still wants to postpone a final decision until 1960.

### GAO Complains Chrysler Overpaid Missile Subcontractors

The General Accounting Office has complained to Congress that Chrysler Corp. overpaid subcontractors during early development of the Redstone missile.

The GAO spotlighted payments under "time and materials" subcontracts—those generally used in the early stages of a development contract when neither prime contractor nor subcontractor can be sure what the final cost of a part or component may be.

GAO examined in detail the pricing of 27 missile parts obtained this way. GAO said that for one of these parts Chrysler, as the prime contractor, estimated a unit price of \$100 under a time and materials contract.

Chrysler was actually charged \$67.22 by the subcontractor, and later paid only \$30 for the item under a fixed price contract.

The GAO report recommended "extremely close supervision over such subcontracting by the military departments."

In its own defense, Chrysler pointed out that "time was of the essence" and that its task in the early phases was to provide "development and production engineering assistance" to the Redstone Arsenal. The company also noted that time and materials contracts involved about \$2-million, or less than 2% of the contract total of \$124-million.

### Western States Seek Federal Aid For Salt Water Conversion Plants

Congressmen from the Western states have launched a drive to get the federal government to underwrite large-scale saline water conversion plants in their area.

Sen. Clinton P. Anderson (D-N. M.), who heads a subcommittee holding hearings on the matter, is expected to press for construction of full-size demonstration units. House Interior Committee Chmn. Clair Engle (D-Calif.) will take a similar tack. Engle wants a \$20-million distillation plant for the Los Angeles area—jointly financed by and controlled by federal and state authorities. The proposed plant would use "waste" steam from local electric utilities to cut down distillation costs.

California's water director, Harvey O. Banks, warned Anderson's subcommittee that his state will need distilled sea water by 1962-65 to meet its growing needs.

Sen. Francis Case (R-S. D.), originally a backer of large-scale plants, now thinks the money should be spent on smaller pilot plants to gain more information on the merits of various conversion processes.



### Problems are Opportunities in Disguise

Every healthy, growing business has them. The important thing to remember is that problems often have two aspects . . . and that the forbidding facade may be hiding the bright face of opportunity. ADL, with its comprehensive services, ranging from product research to technical audits, can help you discover what is really behind your problem. Write for our booklet, "Problem Solving."



### Arthur D. Little Inc.

Consultants to Industry since 1886 32 Memorial Drive, Cambridge, Mass.

#### **NEW PRODUCTS**



New Way to Grow Grass Outdoors . . .



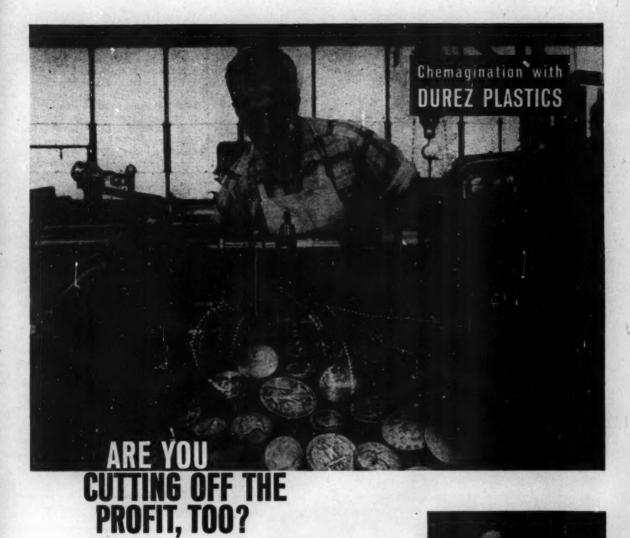
### And to Manufacture It Indoors

Growing grass is getting easier for the industrial landscaper and the dairy farmer (the harassed suburbanite still needs a green thumb and a strong back). A new development by Minnesota Mining & Manufacturing Co. makes it possible to roll out a nice velvety green lawn like so much carpeting (top picture). And Buckeye Corp., Springfield, Ohio, is ready to keep cows contented with a grass incubator that turns out

green grass all year round indoors (bot-

tom picture).

• Cellulose Mat-Minnesota Mining & Manufacturing's Grass Mat basically is a mat of cellulose fibers in which select grass seeds are embedded. The mat helps provide the optimum seed spacing and also helps keep the soil from washing away during the spring rains. The mat itself dissolves through baoteriological action within a couple of



How much waste metal do you have to machine off the castings you're using?

If it's a substantial amount, have a talk with your foundryman soon. He may be able to point you toward important sav-

ings-with shell-mold castings.

Modern foundries of all sizes have made tremendous progress in shell molding in the past six years. They can produce for you castings that can be held to tolerances as close as .005 inch/inch, eliminating perhaps 50% of the machining you have to do.

So uniform are these castings that they often make possible a higher degree of automation in your plant. They greatly extend the life of your cutting tools. Their lighter weight means lower freight charges, easier handling. And they often cost less than conventional castings!

How are these finer castings produced? By pouring metal into hard, thin molds of sand bonded with Durez phenolic resins.

Durez men with years of resin experience helped the foundry industry develop this process, and now spend thousands of hours yearly working with foundrymen to expand its usefulness.

If you would like to know more about the advantages of shell molding, just write to DUREZ PLASTICS DIVISION, Hooker Electrochemical Company, 4003 Walck Road, North Tonawanda, N. Y.



Chernagination also brings you whiter, stronger paper—thanks to chierine diexide. This chemical bleaches pulp without weakening the fibers. Hooker is the leading supplier of sodium chlorate, the raw material from which almost all of the chlorine dioxide produced in this country is generated. If you'd like information on Hooker production chemicals for your needs, write HOOKER ELECTROCHEMICAL COMPANY, 2803 47th St., Niagara Fails, N. Y.





Of course, you can! There's no need to prolong the stresses and strains of a busy day when you leave on an overnight trip. You can take a Pullman and relax in the private comfort of your own quiet, peaceful quarters!

No other form of time-saving travel is so restful to both mind and body. No weather worries or uncertain schedules... no highway hazards or traffic problems... no searching for meals or lodgings. You haven't a care in the world as you settle down to energy-renewing sleep in a king-size Pullman bed!

Next morning, you arrive at your destination rested and refreshed—and on time. You're in the center of town, too. Not miles out, with a time-wasting ride ahead of you.

Try "Travel by Pullman" on your next overnight trip. Make it your regular, restful, safe travel habit. It's an investment in your own personal comfort and well-being... and it brings important benefits to your family and your firm, too!

RELAX IN THE PEACE AND QUIET OF





months, but until it does, it has a greenish hue to help it blend in with the sprouting grass.

Growing a lawn this way is relatively

Growing a lawn this way is relatively expensive—the mats cost about 10¢ to 15¢ per sq. yd. depending on the quantity ordered. That's why Grass Mat is aimed at commercial markets for use in seeding parkway slopes, factory and civic lawns, and other hard-to-handle landscaping jobs. And it's not completely painless, either. The soil still has to be prepared and fertilized, just as if you were planning to seed the lawn the usual way.

• Artificial Pasture—The grass grown in Buckeye's incubator is strictly for eating. It is grown hydroponically, or chemically, in trays at a remarkable rate. The grass shoots up to a height of 6 in. in six days. A 60-tray unit, which can be housed in a 10-ft. by 12-ft. building, is equivalent to 5 to 25 acres of pasture and can raise enough grass on a year round basis for 20 to 30 head of cattle.

The grass is manufactured in culture tanks in which the grass seeds are nourished by a chemical solution containing the elements necessary to plant growth, including such things as potassium, phosphorus, and nitrogen. A heat pump-type of air conditioner and fluorescent lights provide the environmental conditions needed to coax the grass up at this phenomenal rate.

The cost of the grass, according to

The cost of the grass, according to Buckeye Corp. officials, runs from \$10 to \$14 per ton, depending on local electrical costs. The base price for a 60-tray incubator is \$2,880.

#### **NEW PRODUCTS BRIEFS**

A new design for power transformers developed by Westinghouse Electric Corp. makes it possible to build units with ratings up to 600 Mva. Highest rating on conventional three-phase transformers is 380 Mva. In the "inner-cooled" design, oil is circulated between the strands of parallel conductors that are at the same electrical potential, eliminating oil ducts between coils and windings. This allows the use of materials having higher insulation strength than oil, so smaller, lighter units of higher capacity can be built.

A controlled vibrator has been developed to replace the conventional tumbling barrel for descaling and fine finishing of metals and some plastics. It uses a combination of springs and a counterweighted elliptical drive shaft to shake, slide, and scrub pieces in the same processing compounds used in a tumbling barrel. Over a long cycle, the vibrator removes 10 times as much as a tumbling barrel, according to the maker, Lord Chemical Corp., York, Pa.



### Discover the difference in your own office!



### The Flight Line Group-a completely new line of chairs

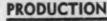
Superbly styled to complement the exciting new Flight Line desks, these handsome chairs were designed with a specific use, and user in mind. A brief trial in your own office will demonstrate the ease, the comfort and the convenience they afford. The Flight Line Group is available in a wide range of natural Sunshine-Styled colors to provide either flattering harmony or bold emphasis. And the

surprisingly low price tag makes them an outstanding value. Ask your Steelcase dealer about his free 10-day trial offer. Steelcase Inc., Grand Rapids, Michigan. In Canada: Canadian Steelcase Co., Ltd., Don Mills, Ontario



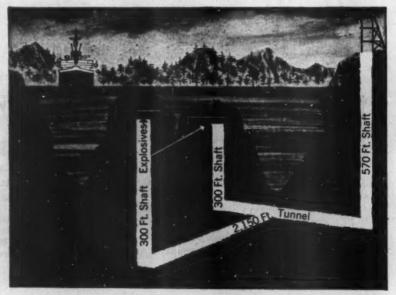
Ask your secretary to send for our new full-color chair catalog. Address Dept. B., Steelcase Inc., Grand Rapids, Michigan.

STEELCASE INC





### **Tunneling Under Sea**



ATTACK FROM BELOW-To get explosives inside Ripple Rock's twin underwater peaks, engineers dug 570-ft. shore shaft, long horizontal tunnel, two shafts to top of peaks.



e This new achievement is important to you because it provides better, longer-lasting fence protection at a substantial long-range money saving. By a patented process PAGE bonds commercially pure aluminum to fence fabric wire and thus combines the strength of steel with the corrosion resistance of aluminum. ASTM salt spray tests show that for equal thickness of coating, PAGE aluminised wire outlives galvanised wire more than 2 to 1, yet its price is comparable and competitive with wire having galvanising of equal thickness. Write for informative file-size folder. Address:

PARE FERSE ASSOCIATION, Best. 59, Semma, Pa.

FENCE





Air compressors exclusively
For every industry
Models from 1 to 90 C.F.M.

Service from Coast to Coast
OUINCY COMPRESSOR CO. QUINCY, ILL.





TUNNEL and shafts under Ripple Rock took three years to build; tube on ceiling carries air; white streak comes from light on hat.

RIPPLE ROCK off British Columbia-9 ft. below ripples at left-menaces Alaskan waterway; its top will be blown off.

Next weekend, if weather and tides are right along the Alaskan waterway in British Columbia, the elaborate preparations shown in the pictures will come to a roaring climax. F. G. Bickel, a top du Pont blasting expert, will set off by pushbutton an explosion that is slated to decapitate two huge underwater peaks now rated as the worst shipping hazard on the West Coast of North America.

Bickel's blast-the biggest construction explosion ever planned-is expected to jiggle sensitive seismographs all around the world. It will set off in one bang some 2,750,000 lb. of a blasting agent called Nitramex, tossing more than 325,000 tons of rock out of the path of ships plying the waterway between the Seattle-Vancouver area and Alaska.

· Ship Morgue-The navigation hazard scheduled for this explosive end is a double-headed underwater peak (diagram) called Ripple Rock. It rises within nine feet of the surface in a narrow strait separating Vancouver Island from Maud Island, about 125 miles northwest of the city of Vancouver.

Ripple Rock has torn the bottoms out of 15 major vessels. The whirl-pools it breeds-some 30 ft. in diameter and 15 ft. deep-have sent at least 85 smaller vessels to the bottom in the last 75 years. The last big disaster occurred in 1946, when a Canadian hydrographic ship went down.

The twin underwater peaks are a source of delay for just about all of the 2,000 large ships that carry some \$107million in cargo and 175,000 passengers through the narrows each year. Because of tricky currents that reach speeds up to 15 knots, ships can pass safely only during half-hour periods at high tide. Removal of the peaks will provide a 40-ft. deep channel-and without whirlpools, it's hoped. The Canadian government thinks this will be well worth the \$3.1-million it's spending on the project.

· New Approach-The removal job has been under consideration for many vears. Two previous tries, made in 1943 and 1945 by mooring barges above the



BIG BANG of 2.7-million lb. of explosives will be set off in one roar by lightning-fast detonating cord men are working on.



### I does the work of 4

· Case No. 526 is typical of what modern management finds when it job-analyzes gloves worn by employees. Old fashioned leather-palm gloves were averaging 2 shifts wear feeding strip steel into presses. Edmont job-fitted gloves with coated palms lasted 8 shifts and cut glove costs more than 75%.

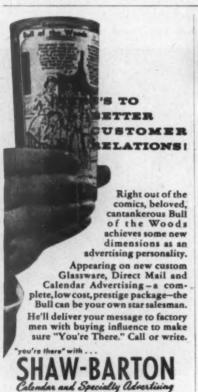
Edmont makes more than 50 types of coated industrial gloves designed to handle sharp, abrasive and slippery materials, wet or dry, with or without temperature extremes. Applied to your operations, they will reduce glove costs

and provide better, safer work handling. • Free Test Offer to Employers: Send brief description of your operation, materials handled, temperature condition. Without cost we will recommend correct gloves and send samples for on-the-job comparison test.

Edmont Manufacturing Company, 1220 Walnut Street, Coshocton, Ohio.

JOB-FITTED GLOVES





SALES OFFICES IN PRINCIPAL CITIES

GENERAL OFFICES AND PLANT, COSHOCTON, ONIO



### DE BARRIERS?

Japan's largest commercial bank, The Fuji Bank Ltd., with its wide range of services, can help you clear the way for trade and commerce throughout the Far East.

Our New York office is at 42 Broadway-in London, Finabury Circus—where a vast knowledge of the Far East and a hearty greeting await you. Domo arigato gozaimasu.

### Founded in 1880

Head Office: Chlyoda-ku, Tokyo Overseas Offices : York • London • Calcutta Branches throughout

"... we're using eight times as much explosive as for normal blasting . . ."

STORY starts on p. 78

peaks to drill blasting holes, came to grief when currents snapped the mooring lines. The present underground approach, evolved by Canadian engineers and construction experts, has been a long-term project.

It has taken three years to sink the 570-ft.-deep shaft on shore (diagram, page 78), cut through the 8-ft.-square horizontal tunnel that runs through the rock, then chip out the two 300-ft. vertical shafts up to the top of the peaks. From the top of the shafts the peaks have been honeycombed with smaller tunnels and "covote holes" for the explosive charges.

The 1,350 tons of Nitramex-a blasting agent somewhat safer to handle than dynamite-have been in place for about a week. To get the greatest effect, the blast will be set off-weather permitting-during the low water of spring tides on Apr. 5, 7, or 8. The Nitramex will be detonated by 300 priming cans containing a slightly less stable explosive set off by a detonating type of fuse that explodes at the remarkable rate of 20,000 ft. per second. At the shoreward end of the fuse, one small electric blasting cap will trigger the whole explosion.

• Challenging-The over-all project is directed by two Vancouver consultants, Dr. Victor Dolmage and Edward E. Mason. Construction work and explosive loading was done by Northern Construction Co. & J. W. Stewart, Ltd., of Vancouver. Du Pont Co. of Canada supplied the explosive, and technical

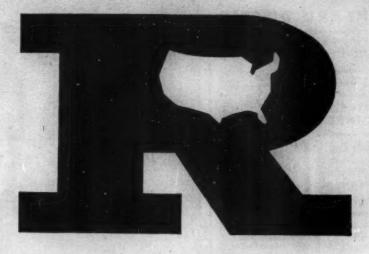
assistance.

Du Pont's Bickel calls the blast the most difficult and challenging of his career-which will culminate in his retirement this June. "The big problem," he says, "is to throw the rock to the side and overcome the tremendous resistance of the water so that dredging won't be necessary." To do this, he says, "we're using just about eight times as much explosive as we would for normai underwater blasting.

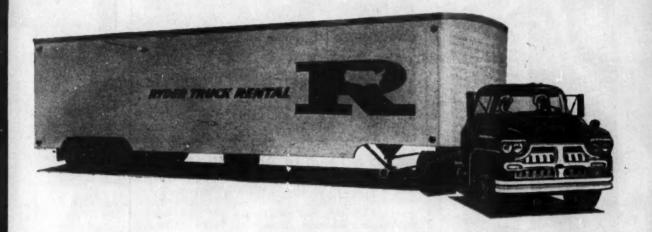
Since Ripple Rock is rather isolated, there's little danger in the single blast. The few residents within a three-mile radius have been evacuated, and those in the nearest community, some 10 miles away, will be asked to open all windows as a precaution against the

concussion pressure wave.

Seismographic experts in western Canada have been alerted, and special teams have set up equipment to record the shock waves for information on the earth's crust. END



Ryder System means trucks...from small dairy trucks to over-the-road freight haulers. Ryder is a fast-growing, publicly-owned transportation system serving American business. Your distribution problem can be solved by one of the "Big R" companies—Ryder Truck Rental covering key cities in the U.S.A. and Canada...Ryder's motor carriers providing scheduled service in 23 states from New England to Texas.



RYDER SYSTEM, INC.

Gen'l. Offices: Engle Building . P.O. Box 771 . Miami 33, Florida



new offer considerably more power, from the same size engines, as a result of improved fuel injection and combustion.







Punched Tapes Give the Directions . .



### . To a Team of Automatic Machine Tools

Fans of science fiction have long loved to dream of a machine that could automatically give birth to other machines just like itself. The new Digitape electronic control system devised for machine tool lines at Hughes Aircraft Co. doesn't go quite this far—but it does manage, for the first time, to mastermind a whole row of machine tools simultaneously (pictures).

Hughes' system is the first ever designed to control an integrated line of

machine tools and transfer mechanisms. However, electronic controls have been hitched to single machine tools at least experimentally ever since the early 1950s (BW-Mar.9'57,p183).

The new setup, installed in Hughes' plant at El Segundo, Calif., consists of a milling machine, a 20-spindle drill, and a dual-purpose boring machine, all controllable by a single tape. It can only landle relatively small parts—up to about 12 in. per side—but in this as-



### How to "set-up" MONEY for machine tool financing

Setting up machine tools for top efficiency in a production run is vitally important. Equally vital is the way instalment financing is set up to buy new profit-making machine tools. Your money works at top efficiency when terms are precision-fitted to your financial needs.

For over forty years C.I.T. Corporation has made a specialty of solving equipment purchase problems with the right "kind" of money and financing service.

You can finance any type of productive equipment on long terms

through C.I.T. Corporation. If you choose, you can use Pay-As-You-Depreciate Plan which offers terms up to 10 years with payments larger in the early years and smaller in the later years.

There's a C.I.T. Plan that is right for you. For complete details write or call any office listed below.

Atlanta, 55 Marietta St., N.W., Chicago, 221 N. LaSalle St., Cleveland, Leader Building, Dallas, 1309 Main St., Denver, 655 Broadway, Detroit, 1625 Cadillac Tower, Houston, 1100

E. Holcombe Blvd., Jacksonville, 1710 Prudential Bldg., Kansas City, 210 West Tenth St., Los Angeles, 416 W. Eighth St., Memphis, 8 North Third St., New York, One Park Ave., Philadelphia, 3 Penn Center Plaza, Portland, Ore., Equitable Building, San Francisco, 120 Montgomery St.

C.I.T. Corporation is a subsidiary of C.I.T. Financial Corporation: capital and surplus over \$230 mil-

lion. In Canada: Canadian Acceptance Corporation Limited.





Safe dependable service to all 48 States, Alaska, Hawaii and other countries by van, air, and boat. Wheaton will move your household goods, displays and exhibits and office equipment courteously, efficiently, promptly and safely. Next time call your Wheaton Agent.



How to BROCHURE

#### YOURS FOR THE ASKING!

This new booklet shows you how to save money in your office, factory, warehouse, or store. By keeping your permanent staff to a minimum and using Manpower, Inc. employees and services to do all work that arises above that minimum you save at least 18 important costs. Read about these and many other cost-saving features of the Manpower, Inc. Controlled Overhead Plant

Attach this ed to your letterhead and mail today to:

#### manpower, Inc.

World Headquarters ankinton Ave., Milwaukee, Wis. The World's Largest Temperary Help Service with ever 140 Offices Coast-te-Coast Do You Want

### NATIONAL ISTRIBUTION

On Lines That Move Through

DRUG CHAINS, SUPERMARKETS FOOD, HOUSEWARES VARIETY STORES, etc.

Our firmly established organization sovers the entire country and services the Whole-sole and Retail Drug Industry. Syndicate and Variety Stores, Drug and Food Chains, and Wholesale and Retail General Marchan-and Wholesale and Retail General Marchan-

### Want To Sell Outright?

DA-7515, Business Week 520 N. Michigan Ave., Chicago 11, Ill.

signment, it does just about all the production machining that's necessary, automatically and in proper succession. Hughes will put it to work on parts for some of the electronic systems it makes for the U.S. and Canadian governmenfs.

· Time and Money-The system, combining Hughes controls with machine tools developed by Kearney & Trecker Corp. of Milwaukee, is worth about \$400,000. For the money, Hughes got a setup that can outpace a production line of 15 or more machines; in less than three days, it can turn out a 10-lot order of parts that would otherwise take many weeks. In large-scale manufacturing where parts change so often that production runs seldom exceed 250 per part, it can save as much as \$200,000

to \$300,000 a year.

This makes the tape-controlled tool lines a natural in missiles and electronics, where engineering changes come so fast that it's often impossible to set up a Detroit-style production line and produce parts in enough volume to get the price down. With automatic machines, design data for a part can be fed directly into the electronic controls on punched tape. This way, as many as 25 to 50 costly, time-consuming machining steps can be bypassed.

• Untouched by Hands-Almost-The

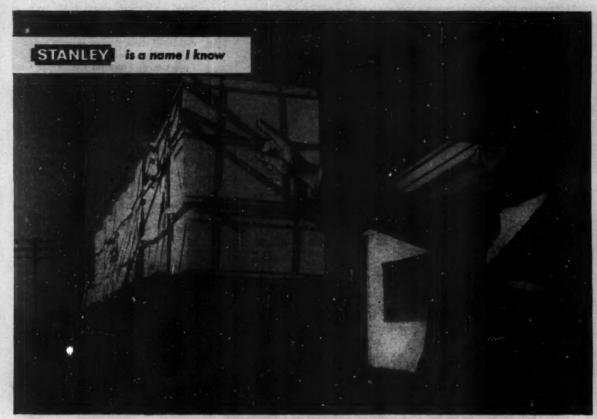
only role played by the human operator is to fasten the part to be machinedusually a casting-into a holding fixture and then insert the punched tape into the Digitape controls. Even this step could be accomplished automatically if someone wanted to go this far, the engineers say.

From there on, everything is auto-matic-milling, drilling, and boring. If necessary, the control equipment could run five or six machines instead of the three used by Hughes. If a design is changed, often all that needs to be done is to splice a new section into the punched tape-thus eliminating much of the usual retooling cost. Hughes figures the system has cut tooling costs, in all, as much as 50%.

Because parts can be rotated 360 degrees at each machining station, it's possible to use only one or two holding fixtures, instead of the normal six or seven. To make the tool line even more useful, the Hughes engineers built in a special accuracy control by which any machining instruction can be adjusted up to 14/1000 in. to true a part.

· Automation Elsewhere-The team of tools Hughes has working in concert under one control is at present the only one of its kind-and is a significant advance from the single machine tool with automatic controls. But industry is only now beginning to accept the full value of electronic controls for an individual tool.

Electronics is going to work to run



George Dempster, President, Dempster Brothers, Inc., Knexville, Tenn.

# The STANLEY STEEL STRAPPING SYSTEM has saved us about \$5,000.00 annually\*

This manufacturer of famous Dempster-Dumpsters and other disposal equipment credits The Stanley Steel Strapping System with a 20% to 25% reduction in packaging material costs and a 15% reduction in man-hours spent packaging and loading.

Throughout industry, steel strapping is accelerating the packaging pace while applying the brake to rising costs.

No matter what your product is, let the Stanley Steel Strapping Specialist spark your packaging planning to speed up handling and reduce costs.

Our experience is available to you in person, or through our strapplication manuals . . . write for one. Stanley Steel Strapping, Division of The Stanley Works, New Britain, Connecticut.

#### YOU CAN RELY ON PRODUCTS THAT BEAR THE STANLEY NAME

For 115 years, The Stanley Works, New Britain, Connecticut, has contributed to the growth of America, providing industry, business and the farm and home with products of unsurpassed quality.



NEW VERSATILE TOOL—this Stanley electric Sabre Saw cuts 2" lumber, plywood, plastics and sheet metal.



STEELMASTER HAMMER features tempered rim to minimize chipping. Locked-on head will never come loose; will not break.



FORMULATED FINISHES include standard and custom plastisols and organosols for molding; also complete lines of primers, coatings.

AMERICA BUILDS BETTER AND LIVES BETTER WITH STANLEY

STANLEY

This famous trademark distinguishes over 20,000 quality products of The Stanley Works—hand and electric tools

· builders and industrial hardware · drapery hardware · door controls · aluminum windows · stampings · springs

· coatings · strip steel · steel strapping-made in 24 plants in the United States, Canada, England and Germany.



more and more single tools such as monster profile and skin millers, costing \$250,000 to \$500,000. The dominant makers of these devices include Kearney & Trecker; Giddings & Lewis Machine Tool Co. of Fond du Lac, Wis.; Cincinnati Milling Machine Co., and New York's Morey Machinery Co. However, automation is becoming more common with other types of machine tools as well. Some companies, such as Pratt & Whitney, design their own control systems, but others turn to electronics specialists for this chore. Kearney & Trecker, for example, uses GE or Bendix controls for its regular line of automatic machine tools.

• Progress Report-The experience of Northrop Aircraft Co. demonstrates what electronic controls can do for a single machine tool. For more than a year, Northrop has been using three government-owned all-purpose machines for milling, profiling, slotting, drilling, and boring. With punched tapes to give instructions, the machines can produce parts for 10% to 25% of the cost of conventional production planning, which requires preparation of detailed drawings and specifications to guide the operators. And Northrop says tape controls enable it to produce three to four times more parts in any given time, because the automatic machines run close to maximum speed at all times.

Northrop trained its regular planning personnel to program the computer and prepare the tapes. The training job takes six weeks. Ordinary typists using a special keyboard can transfer the data to the tapes.

The company is sufficiently pleased with the results from its first three automatic machines to be interested in adding seven more. Though Northrop's machines work separately, unlike those at Hughes, the electronically controlled lines of machine tools will enjoy most of the same advantages.

Lockheed Aircraft Corp., like Northrop, is pleased with its two automatically controlled machines—so much so that it's reportedly willing to plunk down \$500,000 of its own money for another.

• Next Step-So far, Kearney & Trecker has built about 30 electronically controlled machines under Air Force auspices for the aircraft industry. And it's expected to be the first toolmaker to market the Hughes system. Eventually, it hopes to apply tape controls to the job of building parts for its own machines. When the automatic tools get big enough for this assignment-a couple of design stages from now-they will cost an estimated \$165,-000 each. But, the company hopes, they'll be so fast it can almost do away with inventory of parts in process— which, in toolbuilding, can run close to \$2-million. END



### 11 NATIONAL SAFETY CITATIONS!

No wonder freight goes great on Great Northern



Great Northern has one of the top safety records among the nation's railroads. You can be sure your shipment will be handled with care . . . by railroad men who've proved they are careful.

### GO GREAT...GO GREAT NORTHERN on the incomparable

### EMPIRE BUILDER

See Glacier National Park in the Montana Rockies, the

sonow-capped Cascades. Great Dome seats aplenty on a great streamliner. Write P. G. Holmes, Passenger Traffic Mgr., Great Northern Ry., St. Paul 1, Minn.



OFFICES IN PRINCIPAL CITIES OF U.S. AND CANADA





NEW LOOK is under B. E. Estes, commercial department head; K. C. Myers, market development; H. M. Ridlon, market research; John Veckly, ad director.

### U.S. Steel's Consume

### The bigger people

Of those who don't know U.S. Steel's size, this percentage praise its . . .

PROGRESSIVENESS .

QUALITY PRODUCTS .

RELIABLE PRODUCTS .

GOOD MANAGEMENT



2 But few people

AMERICAN STEEL & WIRE ....

UNIVERSAL ATLAS CEMENT ..

AMERICAN BRIDGE ......

NATIONAL TUBE .....

TENNESSEE COAL & IRON ....

COLUMBIA — GENEVA ....

### What's Behind the New Look That

Next month, U.S. Steel Corp. launches full-blown a campaign that attempts to get to the heart of the problem of how you sell steel—or, for that matter, any basic material—in today's consumer economy.

By its own definition, this is a "new look" for the Corporation. What the public and Big Steel's direct customers will see are (1) a new trademark; (2) a concentrated advertising effort throughout 1958 to sell consumer product-made of steel, and (3) a new product-labeling program that will carry right down to the point of sale at retail counters.

 Three Years of Planning-Lots of companies these days are changing their corporate trademarks. But behind U.S. Steel's move are three years of planning, testing, market research, and selfanalysis. Its three-pronged advertising, marketing, and merchandising program has no direct connection with the recession, although it couldn't have been timed more opportunely.

Actually, the new marketing program is one more step in the far-flung Corporation's evolution into a more closely knit business operation. But long-range or not, the primary aim is as obvious as a blast furnace: to sell more steel.

#### I. Competitive Pitch

To understand what's behind the new look for Big Steel, you have to look first at some of the problems of selling steel and the changing market conditions under which the material lives.

As Richard F. Sentner (cover), who last year became executive vice-president-commercial, puts it:

"Our story has changed. Steel is no longer a solid mass; it's a tailor-made product. Steel isn't just a commodity any longer."

· Whose Business?-The company,

say its top marketing people, has been aware for a long time that "our business is the function of another man's business."

Inside the industry, competition for customers is keen, but it is cultivated on a long-term relationship and not, as Sentner has pointed out, "in terms of an isolated moment in time."

 What Counts?—The things that count, then, are quality, price, and service, including an adequate supply.
 These all have their own limitations.

You have to watch your competitor's quality, for example—but adding too much quality by, say, producing a steel that can take a deeper draw than is required, doesn't automatically assure you of more business, especially if it throws your prices out of line.

Prices must be met, too, but there are geographical limits to what can be done. On delivery dates, it is hard to compete, since you can't be constantly

### search Study Gave Its Marketers These Facts:

ink you are, the better they think you are . . .

Those who say it has 30% of the market rate it high for . . .

Among those who give it 50% - 75%, approval is even higher...

But the company ranked highest with the group crediting it with 75% . . .



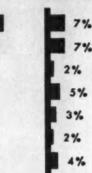




now that Steel's affiliated companies belong to the corporation . . .

% of people who know affiliates

% of people who associate affiliates with U.S. Steel



Yet USS has become the second best-known trademark. The company will trade heavily on that ... but with a new, modern design ...

### U.S. Steel Is Sporting

rescheduling mills to meet customer demands. "A steel mill," the company points out, "is a massive job or custom shop—every heat has an order behind it."

• Service to Buyers—This leaves one big area for competition—service. Historically service has been restricted to metallurgical and engineering advice, prompt handling of orders, and the ability to meet customer specifications. Up to a point, everybody can do that.

Big Steel's new look is the outward recognition that, as No. 1 producer with as wide a range of product as any company, the best thing it can offer its thousands of customers is a steel merchandising service. Since almost one-third of the Corporation's production goes into consumer goods, it was clear that the way to help the customers—the manufacturers of steel consumer goods—was to work toward expanding the consumer market.

"We are not treating this as shortrange," says Sentner. "The market place for steel is the people."

### II. Why Right Now?

The timing of Big Steel's major merchandising campaign was dictated by three main factors:

• The rapid growth of materials that compete with steel in its traditional markets. Through most of the postwar years, steel supply has been tight, while new materials were free to develop their markets. Early in those years, the company saw what it faced, and it developed a new slogan—"only steel can do so many jobs so well"—that shifted emphasis from U.S. Steel Corp. to steel as a material.

• The Corporation's own structural changes, pulling the nearly autonomous affiliates into a more unified operation. These changes brought even-



### You CAN Do Something **About Operating Costs.**

### Bring them down to earth with John Deere Industrial Tractors and Equipment

No need to point out here that there is no room for waste in industry. You know that. But did you know that there is one sure way of cutting that waste? That you can pick up new savings daily on those excavating, trenching, grading, and other earthmoving jobe? That you can do the same on moving, loading, and hauling of other industrial materials?

Wall you can by investing in the

Well you can-by investing in the

biggest industrial power value in the field, John Deere Industrial Tractors and equipment. You start your savings with the initial price of a John Deere and continue them on through job after job with lower fuel, maintenance, and servicing costs. In-vestigate John Deere Industrial Tractors now. Learn how they deliver "low-cost power with a heavy-weight punch."

tually the present setup, with Sentner overseeing a commercial department containing divisions for commercial research, market development, advertising, market research, and product development.

relopment.

The impact of television advertising and of wider promotion of competing materials in other mass media since the war. Consumers have been increasingly bombarded by advertising that shapes mental images of companies and products. This led the Corporation to wonder if it customers or the general public had an accurate view of the company or of steel itself.

"We asked ourselves," says Sentner, "what would people do if you started from scratch? Would they start with steel? We knew only that we didn't know."

know."

### III. Market Research

Last year, Big Steel set out to get some answers to three questions:

• What did the public think about

· What did they think about products made of steel?

. What did they think about U.S. Steel? The three arms of marketing at central operations hired Alfred Politz Research, Inc., to find the answers.

Some of the things Politz uncovered

seem obvious, but they reinforced the basic thinking that had already gone on. For instance, it was made plain that people think of materials—and companies-in terms of end products.

• Public Opinion-Steel, it was found, is associated with machinery, construction, automobiles-and is considered heavy, durable, reliable, but expensive Stainless steel, on the other hand, is Stainless steet, on the other hand, is associated with pots and pans and is considered lighter than steel itself. Not only that but the public figures it is cheaper. Both, say U.S. Steel's marketing team, are "obviously untrue."

Even though, in the public's mind, steel ranked ahead of aluminum, wood,

or plastics in reputation for quality and reliability, "the ultimate consumer needs to be continually re-impressed with steel's vast potential for modern, high-style applications," the marketers

decided.

It was at this point that the Corpora-tion came ap with its new theme- Today's USS steels lighten your work, brighten your leisure, and widen your

· Impressed by Bigness-Probably more important for the over-all program was Politz' finding that people think of companies, too, in terms of end products-not in terms of political or economic factors. They don't dislike bigness-in fact, they figure that the bigger you are, the better your products.

Long beset by attacks on its bigness

### Completely Engineered for Industry



LOGGISH AND



MONE BUILDING

BOADS AND STREETS.



PIT, QUARRY, AND MINE

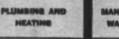


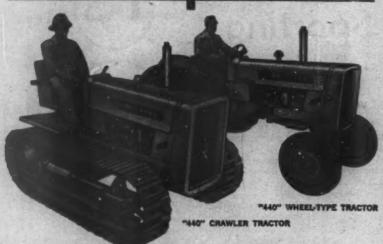


HEATING



MANUFACTURIN







### JOHN DEE

Industrial TRACTORS and Equipment For Further Information Write JOHN DEERS, Industrial Division . Moline, III.

90 Marketing

BUSINESS WEEK . Mar. 29, 1958



### "Britain and back before breakfast!"

"I telephoned our London representative this morning a few minutes after I got up. The business day starts 5 hours earlier there than it does in New York.

"It's wonderful how an overseas call starts the ball rolling and often gets things settled promptly."

Whenever you need an im-

mediate decision on an overseas matter, reach for the telephone. You can get the facts from foreign markets, talk with clients, close sales, check on shipments—all without leaving home or office.

You can save time, trouble and money by telephoning abroad. Just give the operator your call.

#### TELEPHONE EUROPE FOR \$12

\$12 is the daytime rate for the first three minutes from anywhere in the United States to 29 countries in Europe, including:

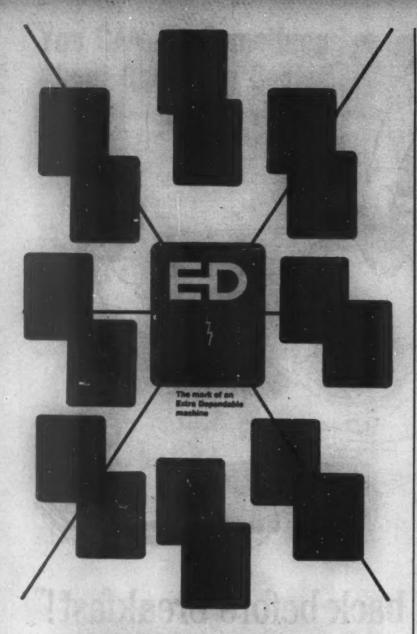
Austria Germany Ireland Spain Belgium Great Britain Italy Sweden Denmark Greece Norway Switzerlan France Holland Portugal Turkey

In most cases the rate is even lower at night and all day

BELL SYSTEM OVERSEAS TELEPHONE SERVICE

You can telephone all over the world





### What this symbol means

Like the brand name on other quality products you buy, the E.D. symbol on your electric motors means "The Best".

You know also that there is an E.D. expert nearby whenever you need him. Electro Dynamic's broad network of offices includes a chain of over 25 warehouses set up across the country to provide utmost speed of delivery to you.

Complete line of a.c. and d.c. motors from 1 to 300 h.p., Geared Motors, Selectrol and Selectron Variable Speed Drives and Motor Generator sets.

Telephone or write for Bulletin 50-A.



### **ELECTRO DYNAMIC**

DIVISION OF GENERAL DYNAMICS

BAYONNE, NEW JERSEY



(nearly 30% of the market), Big Steel had been on the defensive and often reacted in that manner. Evidence that the public doesn't equate bigness with badness was cheering to the company and its marketing strategists. It gave them confidence to proceed with what they had already selected as the most effective way of pushing steel.

• Confusion of Names—The consumer

 Confusion of Names—The consumer research also uncovered the fact that, although people recognized the Corporation, few identified its affiliates as belonging to Big Steel. Cyclone Fence they knew—but Cyclone wasn't getting the benefit of its association with the Corporation, as far as the public was concerned.

It was now obvious that there was not only no harm in stressing this identity, but that there were special benefits in so doing. The image of U. S. Steel could be transferred to the subsidiary, and the good product image of the subsidiaries would redound to the Corporation's benefit as a whole.

• Trademark—To achieve this, Big Steel took a close look at all the ways the public sees the Corporation and its affiliates. Lippincott & Margulies, Inc., industrial designers, made an inventory of the company's visual identifications—from the signs on the Homestead (Pa.) plants to the insignia on the dividend checks. After three months of visiting the Corporation's countrywide operations, they ended up with a roomful of variations on the basic USS trademark, used in scores of designs and sizes.

Politz' studies had determined that, of all the corporate trademarks, USS was among the best known—with a 66% identification by the survey sample. Only General Electric's GE showed up better, despite the fact that so many corporate trademarks get far more consumer exposure on end products than USS.

Still, the lack of uniformity in the USS theme convinced the company that it was losing impact from the symbol. Lippincott & Margulies came up with a new symbol that retains (by consumer test) easy consumer identification but emphasizes lightness, modernity, and stylishness. The new trademark will be keyed into all advertising campaigns of both the Corporation and its affiliates—and the plan is to put limits on how much variation, if any, is allowed.

In fact, the unified symbol represents a start toward unified selling in the Corporation. Already, for instance, the company's catalogue for its divisions that sell highway products carries the full company line as made by all affiliates—so any division salesman can help sell any product in that line.

· Merchandising Drive-What sets Big

Steel's merchandising drive apart still further is its plan to carry the program right down to the retail level. For years, the company attempted to put its USS label on customer products, but labeling hasn't been pushed in the postwar period.

Partly that's because of the lack of

pressure and partly it is because many manufacturers, jealous of their own trademarks, are reluctant to share them with a supplier. Those without strong brand identification find a USS imprint important, but this excludes some of the big brand-name customers from a

label or ticketing program.

• Broad Promotion—But Big Steel had learned from its Operation Snowflake-a Christmas promotion for major appliances-that it could gain from a general steel promotion without using its own trademark. This program, a sort of test run for the bigger merchandising effort, proved so successful that Big Steel says: "We'll take our chances of getting our share of an increased market.

Besides, the company learned through the Politz study that a great many peo-ple identify steel with U. S. Steel any-

· Cooperative Work-The outgrowth of this is a new tag and label design (which is unregistered and open to anyone who wants to use it) that has a not too subtle relation to the corporate trademark, but promotes only steel. That way, end-product manufacturers can use it on any of their products made of steel-whether U. S. or not. Its design and color again point up the lightness, brightness theme.

It will be a slow process to build up acceptance for use of the label, U.S. Steel marketers admit. But they are organizing incentives and promotions to push the label. The company will work with jobbers and merchandisers, who in turn will relay requests to manufacturers for putting the label on at the factory. Point-of-sale promotional material will be available to encourage retailers to stress steel products in their displays.

In addition, there will be direct mail promotion of the label and, in some cases, training programs for retail sales supervisors to acquaint them with the idea. These supervisors can then train their own people to explain steel's story -to show why the material is a top

Commercial Dept. chief B. E. Estes says: "The label on consumer merchandise represents the ultimate step in a program to make steel a positive selling feature for our customers' products.... It is our aim to have the sales people in the stores along Main Street selling for products of steel, in preference to products made of competitive materials." END

"Why don't you talk to the people at Chase Manhattan?" Word about Chase Manhattan's financial services to business gets around. But if you haven't yet heard

### The Chase Manhattan Bank

how helpful we can be, why not talk to us now?

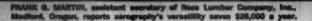
Whatever your business, there's a good chance that

our staff of versatile and widely experienced bankers

can make a connection with Chase Manhattan

well worth your while. Write us at 18 Pine Street,

New York, or telephone HAnover 2-6000.



### Ross Lumber Company, Inc. copies the quality, too ...saves \*28,000 yearly on offset duplicating

From the savings of just one xerographic operation—the reduced reproduction time of its monthly detailed costs statement—the Ross Lumber Company Inc., Medford, Ore., more than pays the cost of its XeroX® copying equipment. Besides, Ross saves an estimated \$28,000 annually by xerography—the clean, fast, dry, electrostatic copying process.

Gratifying as these economies are, it is the flattering quality of the runoff

Xarography copies snything written, printed, typed, or drawn • Same, enlarged, or reduced size • Copies onto all kinds of masters—

all kinds of masters paper, metal, spirit, translucent—for duplicating • Copies line and halftone subjects. . Monthly detailed costs statements

- . Uniform-size insurance registers
- Audit of two sales companies
- Last minute changes on sales lists
- Circuit diagrams for maintenance
- Township section maps
- Timber-cruiser estimates
- · Additional copies of invoices
- Correspondence
- . Many others

copies—each as sharp as the original—that enthuses Ross officials. Equally stimulating is xerography's enormous versatility, which permits the enlargement, reduction, or size-to-size copying—onto duplicating masters of all kinds—of anything written, printed, typed, or drawn.

XeroX copying equipment is widely used in business, industry, and government for all types of paperwork applications. Let us show you by facts and figures what it can do for you!

Write for proof-of-performance folders showing how companies of all kinds, large and small, are cutting costs and speeding paperwork by xerography.

THE HALOID COMPANY 58-6X Heloid Street, Rochester 3, N. Y. Branch offices in principal U. S. and Canadian cities

HALOID XEROX



### The Riddle of Consumer Behavior

WITH ALL THE PRESSURE for research in the physical sciences (BW-Mar.22'58,pl 34), industry is not forgetting its stake in pursuing the mysteries that go under the heading "marketing research"

heading "marketing research."

That emerges clearly from the first regional marketing round table held recently in Chicago under the auspices of Life magazine. Life got deep into the subject when it undertook a wide-scale consumer survey of expenditures in 1956, results of which are still being processed (BW-Sep.28'57,p83).

Life's practical reasons for such round table discussions is the brass-tacks contact it gets with top management—present and potential advertisers. Following its survey, conducted by Alfred Politz of Alfred Politz Research, Inc., Life set up its own marketing department, which now has a staff of from 50 to 60 people. The question is: What to do with them now?

In Chicago, Life's staff-headed by publisher Andrew Heiskell-and top officials from Borg-Warner Corp., First National Bank of Chicago; Hart Schaffner & Marx; Illinois Bell Telephone Co.; S. C. Johnson & Sons; Montgomery Ward & Co.; Peoples Gas Light & Coke Co.; Pillsbury Mills; Polk Bros.; Portland Cement Assn.; Price Waterhouse & Co.; Pure Oil Co.; Quaker Oats Co.; Toni Co.; plus a sprinkling of academicians, thrashed out some of the questions that are worrying them.

THE DOMINANT WORRY all expressed is an old one: lack of basic theory and fact to explain buying behavior.

William Mason, vice-president of Quaker Oats, questioned whether such theory could ever be achieved. Ways of living, demands, and marketing techniques are changing so fast that it's a question whether you can describe marketing in terms that will stand up from year to year. Mobility and change, most panelists agreed, are by now essential components of our economy—and a huge production plant is likely to encourage this trend. The reassuring factor, most felt, was that while producers are hammering at change to keep goods

moving, consumers, for their part, are coming to demand change as the natural, even the inevitable, way of life.

David Reisman, sociologist of the University of Chicago, brought up what may prove to be a key change in future marketing. He argued that producers and advertisers have a sort of "vanity or omnipotent fantasy" that if you get the right gadget, package it the right way, sell it right, you can "sweep the boards." "The fact is, of course," he says, "that differentiation is as strong as homogenization in the market, and the very effort to get everybody will alienate many bodies."

This is the result of a plenty of goods and rising consumer standards. With abundance, some marketers argue, comes an itch for differentiation, as more and more people acquire the time-honored symbols of status.

Reisman cites as an example the auto industry, which, in going after the perhaps dominant big, splashy market, has forgotten the market that wants something else. "There is an inability of the producer," he continues, "to realize that he just cannot have everybody." He applies the same warning to advertising, where success is measured in terms of how many people saw or read an ad. "I think," Reisman concludes, "we are going to find more and more people differentiating themselves from the mass market as time goes on."

F THIS HAPPENS, it poses a challenge to mass production. Manufacturers have, it is true, recognized the demand for something different, and have tried to cope with the consumer's thirst for variety by offering choices of colors, fabrics, accessories, and the like. Yet the differences remain superficial; distinction is getting harder and harder to achieve.

Some students of marketing have suggested an out. If the trend toward equality of income continues, even fractional segments of markets will be big enough to warrant the attention of mass producers. And, of course, it is precisely this development that is the

hope of the smaller manufacturer.

But this is not an easy situation to meet. One panelist answered Reisman with this comment: If the market could be identified, neither producer nor advertiser would have a problem. But how do you identify the market for a particular piece of

goods?
Which gets back to the major lack: inadequacy of marketing knowledge—either theoretical or

Specifically, panelists wanted to know: Can you identify the "venturesome" consumer, who will take to new products?—a question that the Survey Research Center of the University of Michigan has given some thought to (BW—Sep.24'55, p41). Can you identify a certain medium as appealing to a particular consumer? When does a luxury become a necessity? How can you really know that the millions industry spends on advertising pays off? Are we in a buyer's market for keeps—and if so, how does industry deal with this?

THE WIDE RANGE of questions underscored the need for more research. A good part of the round table discussion dealt with ways to continue the kind of research Life has started. Individual companies often sink plenty of hard cash into getting answers to specific questions: Will the consumer go for this kind of product or this kind? But companies would be less willing to pay out for research that would give only general answers.

No specific action has yet jelled from the first round table. Life will run a second one in Detroit in early April, and hopes that eventually some concerted effort may come out of it all.

Even if it does not, the magazine indicated last week that it might go on with the expenditure survey it has started. The publication by now has spent \$2.5-million on the survey and its panels. Barring a continued and deep recession, it has about decided to conduct another survey, perhaps six months from now. Meanwhile, efforts to coordinate the 1956 data with the earlier research for the Bureau of Labor Statistics are going on.

### In Marketing

### Mail Order House to Expand Its Beachheads in Food Stores

"Mixed retailing"-the trend for stores to delve into each other's bag of goods and services (BW-Jun.1'57,

p90)—got a further push last week.

Aldens, Inc., Chicago mail order house, said it was planning to expand the mail order desks in National Tea Co. supermarkets this year. Last year, Aldens set up six such miniature stores in National Tea stores (BW-Mar.2'57,p49). This year it plans 10 more.

It will, that is, if National can provide the space Aldens wants. Aldens feels it should have 50% more space than its test stores have, to carry inventory of impulse items. And it will be choosy about locations.

The test projects will show a profit during their second year, Aldens reports. It usually takes a catalogue

office three years to make money.

Meanwhile, National Tea is adding a new customer service: Facilities in 10 of its outlying stores for customers to deposit or withdraw savings from their personal accounts at the First Federal Savings & Loan Assn. of Chicago.

### Michigan O.K.'s Slow-Pay Liquor Bill, **But Single Dissenter Might Foil It**

Gov. G. Mennen Williams of Michigan has signed the bill that allows this liquor monopoly state 90 days, instead of 30, to pay its bill to distillers (BW-Feb.22 '58,p94). How effective the law will be, though, is still a question. The U.S. Treasury has said that if any distiller who deals with the state refuses to agree to the 90-day terms, the other distillers who did go along

would be acting in restraint of trade.

Just one holdout among the distillers could thus nullify the effect of the law-which aims to help meet an expected \$30-million state deficit on July 1.

### **ABC Radio Cuts Back Entertainment** In Desperate Move to Shrink Costs

American Broadcasting Co. last week announced drastic cuts in programing over its radio network as it struggled to avoid abandoning the radio net altogether. With the exception of the long-time "Breakfast Club" show, ABC is dropping all of its live entertainment programs, leaving news broadcasts and commentary, scaling down its programing from about 70 to 35 hours per week. This marks a complete reversal from the live show line-up network Pres. Robert Eastman announced last year.

ABC's aim: to reduce costs. A few weeks ago Leonard Goldenson, president of ABC's parent American Broadcasting-Paramount Theatres, Inc., told the Federal Com-

munications Commission that his radio network was operating at a loss subsidized by its owned and operated stations.

Columbia Broadcasting System Pres. Frank Stanton and Robert W. Sarnoff, president of National Broadcasting Co., told similar stories. But these executives added that their radio nets have been steadily cutting

down the size of their losses.

These troubles reflect network radio's difficulties in getting its share of the increasing dollars that advertisers have been pouring into radio, mostly to the local stations. McCann-Erickson figures, prepared for Printers' Ink mag-azine, show that local and spot radio business increased from \$506-million in 1956 to \$584-million last year, whereas network radio rose from \$60-million to \$64-million. And this slight gain was network radio's first increase since 1948.

ABC officials say that they are not dropping the radio network at present, but are seeking solutions to current problems. One proposal under consideration is some sort of "press association" type of operation, broadcasting news and other programs that stations would subscribe to. Mutual Broadcasting System turned to this

kind of operation last year.

### **Toro Offers Power Mower Customers New Deal on Servicing**

One company that feels cheerful about 1958 is Toro Mfg. Corp., Minneapolis manufacturer of power lawn mowers. Distributors' orders for the fiscal year so far (ending July 31) are 12.5% ahead of orders at the same time last year. Last year's sales were close to \$17-million, up 10% from the year before.

Part of Toro's merchandising policy for its 1958 line calls for a warranty and service program new in its field. Till now, Toro dealers and distributors could provide service only on the handle and the cutting mechanism of the mowers; for engine repairs and parts, a customer (or the Toro dealer) would have to go to dealers of Briggs

& Stratton Corp., the engine manufacturer.
Now, Toro takes over full warranty and servicing on the engines as well. Its dealers and distributors will stock Briggs & Stratton mower motors and parts.

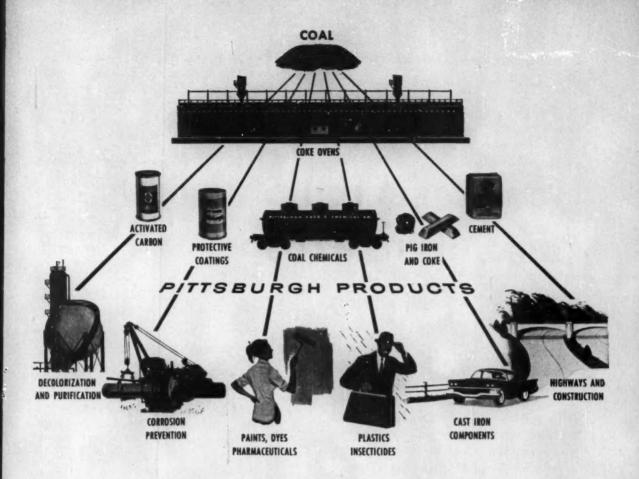
In addition, the engines will carry the Toro name only.

### **GSA Experiments With Supermarket** To Dispense Office Supplies

Self-service has come to the federal government. This week in Washington the General Services Administration opened an experimental supermarket for office supplies. The 3,000-sq.-ft. store stocks 600 items, mainly paper and paper products, pens, pencils, paperclips, waste-baskets, to serve shoppers from 10 small agencies that for-merly maintained their own stockrooms for such sup-

Qualified shoppers from each agency get charge plates from GSA, then select what they want off the shelf.

GSA will bill the agencies each month.



### **Next Step: Better Things for 197X!**

A DOZEN YEARS from now, most of our new "miracle" products will still be made from the basic materials of today.

Producing a diversified family of these basic materials is the principal business of Pittsburgh Coke & Chemical Company. There's hardly an industry in America that doesn't depend upon products from coal.

But an equally important job at Pittsburgh Coke is to open new technical doors . . . and pass along the keys to industry to help in the creation of their own new products from coal-derived materials. Behind these doors, new paths to better plastics, medicines, building materials and a host of other products of tomorrow are being explored and charted today by Pittsburgh Coke & Chemical research teams.

If vision is a respected word around your company, you may enjoy matching notes with us... on your current production problems... or on the planning of your product line for 197X!



# How Research Shapes Our Future Prosperity

If you are looking for an industry that is going to keep on booming in 1958 and every year for the next decade, here it is. It is the industry of technological innovation through research and development.

Last year this great new industry spent over \$7 billion to discover and develop new industrial products, processes and equipment. This year the preliminary McGraw-Hill survey indicates that total expenditures for industrial research and development will be even greater, perhaps as much as \$8 billion. Of the companies surveyed, 57% plan to spend as much as in 1957 and 38% plan to spend more.

The sustained expansion in research and development is the best guarantee we have that the current decline in business investment in new plants and equipment will be relatively short-lived. There can be no prolonged decline in investment in an economy where technology is changing rapidly.

This editorial is designed to show how the continued surge in research and development can be expected to lead first to new products, and eventually to renewed expansion of investment in new industrial plants and equipment. Such expansion is the essence of national economic growth.

#### A Slow Start

The impact of research on sales and investment is still very gradual. Research spending itself has more than doubled in the last four years. But only 32% of all manufacturing firms report significant capital outlays to make new products. We are not reaping the full dividends of industrial research as yet for several reasons:

- Research expenditures were relatively small until the Korean War of 1950 brought substantial government contracts in aviation, electronic and related fields. Heavy research outlays for civilian and industrial products came even later.
- There is an average lag, according to research directors consulted by the McGraw-Hill Department of Economics, of roughly seven years from the start of research until the product is ready for large scale output about five years of research and at least two years to solve production problems and develop markets.
- Complex products, such as new consumer durables and industrial machinery, have an even longer time lag.

However, new developments are certainly underway. Research began to increase in all lines of business when Korean War restrictions and the excess profits tax came to an end in 1953. The tax revision of 1954 added a new incentive by making research outlays deductible as a current business expense. By 1955, the research boom was on.

#### When Is The Payoff?

With a lag of about seven years, it will be the early 1960s before these new developments become a dominant factor in capital investment. But once the flow of new products and new processes starts, it will accelerate sharply — just as research spending has accelerated in the past few years.

By 1960, over \$50 billion in sales will be coming from products not on the market as recently as 1956. Sales of new products will increase year by year, but they will gain most in 1960-1962, or five years after the recent spurt in research expenditures.

Capital expenditures to manufacture new products will also rise, but with a slightly longer lag. Here the sharpest rise should come in 1962-1965, as the new products reach a volume that calls for a significant amount of new capacity. In most cases, initial output of new products will come from existing capacity.

This timing of a new wave in capital investment appears logical on other grounds. Population experts forecast an upsurge in marriages and births around 1965. So by 1962, industry will be starting to tool up for new mass markets.

The important point is this: As we approach the 1960s more and more sales and investment will be in new products growing out of research. By 1960 well over 10% of manufacturing sales will be in new products not on the market in 1956.

Meanwhile — research will help stabilize capital spending by raising the level of modernization and replacement expenditures. Of course, research does not eliminate all the ups and downs in the demand for capital goods, for there remain variations in the amount spent to expand capacity. But a high level of modernization, to cut costs and improve quality, does put a floor under any drop in investment.

#### What To Expect

During the next few years we can expect an increasing flow of new materials, new metallic alloys, new machinery — primarily those developments coming out of long-established research programs in the chemical and electrical industries. Industry will make wider use of specialized computers and automated equipment.

But the dramatic payoff on research comes even later. In the early 1960s the consumer goods industries will begin tooling up for their really new products — things so basically new they can change the way a family lives. Such items as plastic houses, paper apparel, turbine autos are under development right now. But it will take several years to get costs down and for population and incomes to grow to the point where mass markets are created.

When we reach that point in the mid-1960s, there will begin the greatest surge of capital investment in all history. And then — around 1965 — the new processes (full automation, atomic power, continuous steel casting) which are the slowest and most expensive part of the research chain to develop, will come into play.

The combined impact of new products and new processes, to meet an expanding market, will thus be felt in the mid-1960s—eight to ten years after the recent sharp increase in research spending. The full impact is that far away because of the lags for applied research, pilot plant studies and market introduction. But to a large degree the prosperity of the 1960s has already been shaped by the research programs now underway.

This message is one of a series prepared by the McGraw-Hill Department of Economics to help increase public knowledge and understanding of important nation-wide developments. Permission is freely extended to newspapers, groups or individuals to quote or reprint all or parts of the text.

Donald CMcGraw
PRESIDENT

McGRAW-HILL PUBLISHING COMPANY, INC.



### THE NICEST THINGS COME ... IN CHAMPION PAPERS

Special gifts deserve special treatment. So we at Champion are continually searching for, and finding, new papers to make your gift package that extra-special gift for someone.

#### CHAMPION PAPERS

THE CHAMPION PAPER AND FIBRE COMPANY . HAMILTON, OHIO

District Sales Offices in New York, Chicago, Philadelphia, Detroit, St. Louis, Cincinnati, Atlanta, Dallas, and San Francisco. Distributors in every major city.

Quality coated and uncoated papers for books, magazines, envelopes, labels, boxwraps, greeting cards, business forms, tags, tablets, food packaging, and many other uses.

#### CHAMPION SETS THE PACE IN PAPERMAKING

Roll paper is precisely trimmed to customer specifications.





### INTERNATIONAL OUTLOOK

MAR. 29, 1958



Washington was getting set at midweek for Moscow to produce something new in political showmanship. U.S. officials have had the feeling that Nikita Khrushchev wouldn't let the meeting of the new Supreme Soviet pass without an effort to dazzle the world. And the expected retirement of Premier Bulganin wouldn't fit that bill.

Washington has even braced itself for an official Soviet announcement that Moscow will end its H-bomb tests. This partly explains why Pres. Eisenhower said on Wednesday that foreign scientists—probably including Russia's—would be invited to observe a large U.S. nuclear explosion in the Pacific this summer.

Whatever Khrushchev pulls out of the hat, you can be sure it is meant to weaken the U.S. position at a summit conference.

Secy. of State Dulles had Khrushchev's pre-summit tactics pretty well taped this week. If we fall for Moscow's talk, said Dulles, we will lose our shirt even before we get there.

The trouble is that Washington is half way to the summit already, dragged there by Soviet maneuvers. If the U.S. now refuses to go further, we run the risk of splitting the West.

Is Saudi Arabia on its way into Nasser's camp? In the Middle East this week that's the burning question—provoked by a shift of power in the Saud dynasty.

Crown Prince Faisal, King Saud's younger brother, now seems to be in the driver's seat. He was put there when Saud failed to mobilize support against Nasser's recent pressure on him. And Faisal, who doesn't share Saud's hostility to Cairo, apparently has the backing of the pro-Nasser forces in Saudi Arabia.

Washington expects Faisal to cooperate more with Cairo than Saud did—but still to remain neutral between Nasser's United Arab Republic and the Iraq-Jordan Federation. That way, Faisal could play a balance-of-power game. Even at worst, U.S. officials feel that our air base at Dhahran and American oil interests will be secure.

In the end, according to some Mideast observers, Nasser will topple the rulers of Jordan and Iraq—then become himself the ruler of all Middle East Arabs.

Britain's bank rate, cut last week from 7% to 6%, may drop to 5% or less by summer. That would give the Bank of England room to raise the rate defensively when the seasonal pressure on sterling comes next fall.

In making last week's adjustment, the Bank of England had sterling primarily in mind. Apparently the cut had been planned for some time—but this was the earliest the move could be made without risking a revival of inflationary pressures.

Actually the change in bank rate gave stocks and bonds in London only a two-day flurry. Then they fell back. A moderate slowdown in the British economy plus the U.S. recession means that slightly cheaper money won't have much effect on business plans. London observers don't expect the 6% rate to have much influence, either, on wages.

### INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK MAR. 29, 1958 So far Britain, like its continental neighbors, has weathered the U.S. downturn easily enough. But top government officials are watching for any signs that our recession might spread across the Atlantic. The main fear is a shrinkage of world trade in the second half of the year.

But barring a sudden drastic slump in world trade, these officials expect the sterling area to come through 1958 without much strain. They figure that Britain itself will have a very large payments surplus this year—big enough to offset any loss of export earnings by the raw material producers of the sterling area.

West Germany and the U.S. are prodding each other to assume more economic leadership in the free world.

This week in Washington, Ludwig Erhard, German Economics Minister, urged the U.S. to intervene in the French-British squabble over the Free Trade Area (BW—Mar.15'58,p124). Erhard fears that the Common Market, without the FTA attached to it, will become a protectionist group. He also fears a political split between Britain and the Common Market group.

Top U. S. officials, for their part, tried to persuade Erhard that the Bonn government should put more capital into the underdeveloped countries. Results so far has been a standoff on both issues.

Washington agrees with Bonn that collapse of the Free Trade Area scheme would be a serious blow to Europe's economic and political unity. But Washington hesitates to take Britain's side on this issue. That might drive the French further into extreme policies—not only on economic matters but on the explosive Algerian issue.

Erhard politely declined to put Bonn into the aid business on a larger scale. He argued that this could lead to inflation, and a drain on German foreign exchange reserves. Erhard also stressed the contribution the Germans already have made to underdeveloped countries.

During Erhard's Washington visit, British Defense Minister Duncan Sandys was in Bonn, trying to tie Britain into the New French-Italian-German arms pool. This continental pool provides for the joint planning and production of advanced weapons.

By getting in on the arms pool, Britain hopes to:

- · Avoid duplication in nuclear weapons, thus spreading the cost.
- Build political and economic ties on the Continent that would help offset a collapse of the Free Trade Area.
  - · Smooth the way to larger German arms purchases in Britain.

Cuba is tensely awaiting a decisive test of strength between Pres. Batista and opposition groups under Fidel Castro's banner (page 45). Castro plans to open "total war" next week, then stage a knockout general strike.

Last week, the government postponed general elections from June 1 to Nov. 3. Batista gave a pep talk to the army to consolidate support for his regime. But fighting continued in easternmost Oriente Province, while retail and tourist business in Havana slowed down noticeably.

Contents supprighted under the general empyright on the Mar. 20, 1888, Issue-Business Work, 319 W. 42nd St., Now York, N. Y.

# How to increase plant efficiency more than 20%

It has been accomplished repeatedly—through an investment in comfort, clean-liness and quiet that improves morale, increases energy, cuts down absenteeism and job-jumping. Yes—installation of General Electric Zone-by-Zone Air Conditioning can increase plant efficiency more than 20%—and less than 2% increased efficiency pays for it.

### Save 7 ways—Install General Electric Zone-by-Zone Air Conditioning

1. Installation requires no major alterations or serious interruption to business. 2. Space is no problem—ceiling-mounted units use no floor space—floor-mounted units may be stationed in or away from area served. 3. Aircooled units use no water. 4. Individual zone control lets you cool only the areas you want, when you want, to the degree you want-servicing of one unit in no way hinders performance of the others. 5. Units may be re-stationed in event of expansion—taken along in event of relocation. 6. Units carry General Electric's 5-year warranty on vital cooling parts. 7. No heavy initial outlay involved—long term, flexible financing available. Eventually the investment will pay for itself.

Eventually the investment will pay for itself.
We will welcome an opportunity to tell you more about General Electric Zone-by-Zone Air Conditioning, Mail coupon today.
General Electric Company, Commercial and Industrial Air Conditioning, 5 Lawrence Street, Bloomfield, N. J.

## Proposals for Liberalizing State

\$28 \$45 - 70°	20		Same	
\$30	26 26			
\$26 \$40	18 26			88
\$35 - \$44	26			
\$40 - \$60° \$35	26			
\$30	26 16			88
\$30	20			
\$35 \$40	20 26			
\$30 - \$45*	26			
\$33	20			
\$34	20			
\$32 \$25	26 20	24		
\$33	26			
\$35 - \$43° \$35 + •	26			
\$30 - \$55° \$38	26			
\$30	20			
\$33 \$32	26 22			
\$32	20			
7% - \$57%° \$32	26 26			
\$35	26			
\$30 \$36	24 26			
\$32 26 - \$35°	26 20			Н
33 - \$39*	26			
\$28 \$40	26 26			
\$35	30			
\$30	26 22			
\$28	20	13		
\$30 \$28	22 24			
\$37	26			
\$28 \$28	26 18	44		
\$35	26 24	-23 V. T		
\$38	261/2	13		
41 - \$47*	26	130.000	Same	1 100

### **UC Programs Go Before Congress**

\$65	\$43		9	
138	92 54		8	
55	37	Section of	B	
55 90 86 90 77 67 63 62	37 60		8	
80	53		8	
90	57 A0		8	
77	60 51 45 42		8	
67	45		8	
63	42		8	
73	41		В	
90	41 49 60 57			
73 90 85 74	57			
74	49			
76	51 48		8	
71 72 66	48 48		B	
66	44		1	
74	49		8	
75	50		8	
97 79 55 78	53 37		B	
55				
78	52			
75 70	50 47		1	
86	57		8	
70 86 67 87	45 58		1	
87	58 49		1	
74 89	59		1	
60	40		8	
68	45		8	
76	59 50		н	
84	56		ı	
78	52		1	
70	46	22000		
58	39 45	7 7447.4		
66	44	10 TO STREET		
75	50	The State of		
74	49	a united		
68	45	il Sighte		
84	56			
82	55	644		
83 74	56 50	30.03	39	

Administration proposes temporary federal extension of payments to idle, but also urges overhaul of state laws. Democrats push revisions.

The Administration this week asked Congress for "prompt action" to extend unemployment compensation paid by states "for an additional period equal to one-half of the duration of their regular benefits." Federal funds would be used under a temporary program to remain in effect until Apr. 1, 1959.

The plan provides for payments at the present levels set by state laws-and in accordance with state regulations covering qualifications—on a federal basis after state benefits are exhausted. Since state funds won't be directly involved, states cannot refuse to go along with the program.

While federal funds would be poured

out to provide "a greater measure of security" for those in protracted layoffs,

the Administration proposes that the money be regained in one of two ways:

By raising the 0.3% portion of the unemployment tax paid to the federal government for administrative purposes to 0.45% if expenditures in a state aren't repaid otherwise before Apr. 1, 1961, and to 0.6% a year later.

• Or by direct appropriations by states or legislated transfers from state unemployment reserves, if states want to avoid the higher tax on employers.

The Administration plan would permit those who take part-time jobs to receive smaller UC benefits for a longer period, until their total benefits equal what they would have received if fully unemployed during the allowed dura-tion of the federal UC supplement.

. How It Works-Here's how the plan would work:

 An Alabama worker eligible for 20 weeks of state benefits would be eligible for 10 additional weeks of federal payments if fully unemployed.

• Say he's eligible for \$28 a week or a total \$560 from the state. In 10 weeks under the federal plan, he would be eligible for \$280 in supplementary checks after state benefits are exhausted. If he gets a part-time job, but is still qualified for reduced UC checks, he can collect the full \$280 payable from the U.S. in smaller weekly amounts over a longer period-say, \$10 a week for 28 weeks, instead of \$28 a week for

The White House plan also proposes coverage for railroad workers, under a different federal law.

The federal-state unemployment system is set up under the Social Security Act and the Federal Unemployment Tax Act. Under the laws, a maximum 3% federal-state tax can be levied on employer payrolls. If a state has an acceptable unemployment compensation program (all now have), the federal government credits up to 90% of the payroll tax collected to the state's UC reserves; the federal government retains the other 10% to cover administrative costs of the state plans. In emergencies, states can borrow from the federal reserve to provide benefits.

• Large Reserves—State reserves for benefits total almost \$9-billion. Despite recents to a smoot state funds are still sound. Only four are reported running low—those of Michigan, Pennsylvania, Oregon, and Rhode Island. New Jersey's reserve situation is typical of many of the others. Even if a present excess of UC payments over receipts continues, the New Jersey funds

would last 25 years.

The size of payments to the unemployed, the rules covering eligibility, and the duration of payments all are set by the states. The terms vary widely. Most of the states—at least 40 of

them-have maximums less than \$40 a week; nine have top limits under \$30.

Pennsylvania pays benefits for 30 weeks. Twenty-eight states, the District of Columbia, and Alaska pay UC benefits for as long as 26 weeks. Nine states and Hawaii have a 20-week limit. Arkansas and Virginia have 18-week limits, Florida cuts payments off after 16

· Administration Proposals-The Eisenhower Administration has sought, since 1954, higher standards for state UC programs. It has recommended in-creased benefits to bring state payments to at least half of regular earnings, and has urged states to adopt a uniform

26-week duration of payments.

These proposals up to now have been advisory only; the Administration has opposed the exercise of federal power to force permanent increases in state programs through the adoption of "standards" to be met by the states if they participate in UC coverage.

• Democratic Bill—A bill pending in both the Senate and the House, spon-sored by Democratic Sen. John F. Kennedy of Massachusetts and Rep. Eugene J. McCarthy of Minnesota would set such standards.

Under the Kennedy-McCarthy bill: • The maximum basic benefit would be at least 50% of the idle worker's weekly wage, up to a ceiling of two-thirds of the state's average weekly wage. For instance, an average A REPORT TO MANAGEMENT ON HOW

## Industry cuts costs with FIR PLYWOOD

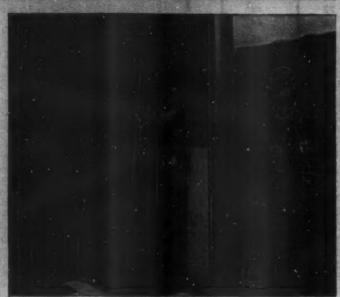
PROUTE TO:

| ENGINEERING |
| PRODUCTION |
| SALES |
| PURCHASING |
| MAINTENANCE |
| CONSTRUCTION |
|

Long spen, low cost. Sixty foot fir plywood trusses like this helped hold construction costs to \$2 per foot on Diamond Lumber Co.'s big Portland, Ore., warehouse. The strength and stiffness of the truss—dramatically demonstrated above—is achieved by stressing the plywood in a curve; the continuous scarf-jointed panel acts as both top chord of truss and roof decking.



Fragilel Package with plywood. Valuable and easily damaged articles like guided missile components (shown here being shipped in special re-mable crates) get botter protection with plywood for less than half the cost of other, less rugged packaging materials at Lyon Van & Storage Co.'s California export division. Firm uses 75,000 sq. ft. monthly for packaging of all types.



How to modernize boxcors fust. A new method of stapling fir plywood directly over damaged lumber lining is helping Southern Pacific upgrade B and C cars into Class A carriers in record time. It takes only one-third as long as installing new T&G lumber—and cuts costs in half. Work on 400 cars is being done at SP's West Oakland and Roesville, Valif., yards. Cars are out of service only a short time; labor time averages 8 to 10 man hours per car. The more valuable ladings which can be carried in the upgraded cars is often enough to recover the cost in a single run.

FOR MORE INFORMATION about uses shown or for basic specification literature, write:

DOUGLAS FIR PLYWOOD ASSOCIATION

TACOMA 2, WASHINGTON

-an industry-wide organization devoted to research, premotion and quality contro



wage of \$65 a week in Alabama would mean a maximum benefit of \$43 a week instead of the \$28 maximum now (table, page 104).

· Benefits would be paid for at

least 39 weeks.

· Coverage would be extended to all establishments with one or more em-

ployees; most states start at four.

• Labor Position—AFL-CIO opposes temporary federal aid such as the Presi-

dent suggests because it fears that such a stopgap move would delay, if not block, "realistic improvements" as proposed in the Kennedy-McCarthy bill.

But, with an estimated 40,000 work-

ers a week exhausting unemployment benefits, according to AFL-CIO, the federation is expected to shift its position to back temporary aid if it becomes obvious that permanent revisions in UC laws can't be voted quickly enough to help those who are now unemployed.

Federal Aid is Opposed-Business groups such as the U.S. Chamber of Commerce and the National Assn. of Manufacturers oppose any federal payment of unemployment benefits-permanent or not. They fear that it might lead to rederalization of state systems. The employer groups generally contend federal intervention now would be "unnecessary, unsound, and ineffective.

# Rough Going for Senate Probers

McClellan committee makes a bid for prestige with lengthy report on abuses it has found in the past year. Result is to make an open split with labor likely.

The McClellan committee reported this week on its first year of work, in words sharply critical of "the behavior of certain elements in both labor and management." It said that "remedial action" must be taken in five areas of "shameful and unsavory" practices-preferably by labor and management taking the initiative, if they fail then through federal action.

· As Expected-There were no surprises in the Senate committee's summary of its grueling 104 days of hearings involving 486 witnesses. In a 12,000word first section, followed at midweek by a 180,000-word, detailed second part, the report highlighted and analyzed 17,485 pages of hearing transcripts. Released at a time when the com-

mittee's prestige is at an ebb because of political bickering and involvement in the United Auto Workers-Kohler Co. dispute (BW-Mar.15'58,p128), the report was obviously intended to center new and more favorable atten-

tion on the probers.

What it did, instead, was make the committee even more controversial.

Headlines across the country echoed the probers' report that they had found "union funds in excess of \$10million were either stolen, embezzled, or misused by union officials over a

period of 15 years."

• Quick Reaction—The reaction was quick-and heated. George Meany, president of AFL-CIO, criticized the report as "a disgraceful example of the use of sensationalism in an attempt to smear the trade union movement." The headline-catching figure of \$10million . . . cannot be justified by the record of the hearings," Meany said:

And importantly, Meany warned:
"This report, added to the com-

mittee's disgraceful participation in the Kohler situation, raises grave doubts as to the impartiality, objectivity, and in-tegrity of the future operations of this committee."

In the past, Meany has generally

gone further than was liked by many in AFL-CIO in supporting the committee's probing into union affairs. An open break is now in sight, probably in the form of a strong denunciation of the committee at the April meeting

of the AFL-CIO executive council.

• Internal Dissent-Sen. Pat McNamara (D-Mich.), listed as "friendly" by labor, refused to sign the McClellan committee report, as the lone dissenter among the eight members. Consenter among the eight members. Con-ceding that there is "much in the report with which I generally agree," McNamara charged "over-all anti-labor bias" and a "lack of any present basis for [the report's] over-all conclusions."

A few days earlier, McNamara-who draws considerable political support in Michigan from UAW-urged the committee of four Democrats and four Republicans to "quit while we are ahead."

McNamara isn't alone; others in the

Senate share his expressed belief that the McClellan committee's work should be terminated or that procedural changes should be made in its opera-tions-particularly, that the equal division of Democratic and Republican members should be ended.

Among others, Sen. Wayne Morse (D-Ore.) feels that the committee is "bogged down" in Kohler hearings in which, he protests, nothing has appeared "relevant to a legitimate legis-

lative purpose."

· Some Agreement-There is undoubtedly some agreement on this among the committee's Democratic members, at least. The Kohler investigation is primarily a Republican-sought broadening of the committee's plan for action.

As soon as it can be closed, possibly with "constructive suggestions" for ending the four-year-old dispute, Mc-Clellan hopes to redirect the committee into the line of the probing last year. Starting in mid-April, the committee will focus on:

· Charges of misuse of union funds, labor-management collusion and "sweetheart" contracts, and other improprieties in the Philadelphia area-

involving the Teamsters primarily.

• Complaints against the Amalgamated Meat Cutters in New York.

• Dubious union activities in the

Chicago area, including alleged alli-ances with the juke box industry; activi-ties of the Hotel & Restaurant Work-

ers will be scrutinized, particularly.

• Charges that Maña and other
"underworld characters" have infiltrated unions in the Midwest and East.

 Charges accumulating against the Carpenters and its top officers.
 Planned Support—The McClellan committee report this week must be read as a bid for support for this future course of action.

It is careful to say that it is "in no way intended to reflect on the overwhelming majority of the labor unions and businessmen of this nation, of whose integrity the committee is firmly convinced." It points out that its findings, up to now, involve only seven unions of labor's 190 internationals, with a total membership of only 2-million of the country's 17-million organized workers. Activities of "some 50 companies" were probed into. So, the report stresses, no "wholesale indictment" is intended.

But, it adds, "the magnitude of improper practices turned up" is a danger signal pinpointing "areas of possible trouble . . . in which caution must be exercised and remedial action taken.'

· Trouble Areas-These are:

· "A significant lack of democratic procedures in the union studied."

· "Flagrant abuses" of power over locals by International union officers.

• Collusion "extensively engaged

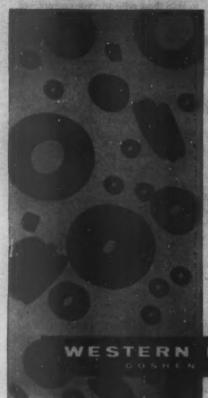
in" by some employers and unions to exclude "tough" unions and assure "sweetheart" contracts-which favor the employer at a cost of wage gains and working standards for employees.

• "Widespread misuse of union

funds," including outright thefts, "borrowings" for personal profit, excessive expense allowances, and other practices made possible because in the unions probed "financial safeguards have been

woefully lacking."

· Violence in labor-management





# GROMMETS

... by the Millions

Grommets for any conceivable industrial purpose from natural, all purpose (GR-S), Neoprens and Buns-N rubbers.

Western grommets come in hundreds of standard sizes, and can be ordered in any formulation from molds already prepared.

Western Rubber is fully equipped for production of either standard or custom designed grommets in any size, shape or volume. All are quality controlled and economically produced to your specifications.

Write or phone for information or a visit by our seales engineer in your area.

POE VIDE

RUBBER CO.

MOLDED AND LATHE-CUT BUSDER PARTS FOR ALL INDUSTRIES

# )

# **500 KEYS TO CANADA**

-yours for the asking at the BNS

CANADA's resource potential is providing new business opportunities every day. And to help you take advantage of them, The Bank of Nova Scotia offers you the services of its coast-to-coast network of nearly 300 branches.

Whether you need market facts on Saskatchewan . . . trade contacts in Ontario . . . financial counsel from men who know Quebec . . . or an overall picture of business trends in Canada, you'll be glad you consulted The Bank of Nova Scotia.

Each month the BNS Monthly Review reports on a current economic topic affecting Canadian business. To fut your name on our free mailing list, write to our Economics Dept. in Toronto.

E-38

### The BANK of NOVA SCOTIA

New York Agency: 37 Well Street, Chicago Representative: Secret of Trade Bid. Seneral Office: 44 King St. West, Toronie. Correspondents wherever men trade

# NOW...a one inch advertisement can reach a potential buyer for 4/10,000 of \$1.00!!

Inch Rate + Circulation = 4/10,000 of \$1.00

Yes, at this low price, a one inch advertisement in the new NATIONAL INDUSTRIAL REAL ESTATE SECTION of BUSINESS WEEK offers you the opportunity and market to sell, rent or lease your real property.

For further details write:

BUSINESS WEEK
CLASSIFIED ADVERTISING DIVISION

Post Office Box 12

New York 36, N. Y.

disputes which "may justifiably be labeled a crime against the community."

"Illegal and improper activities" on the part of "certain managements and their agents," including the use of "labor spies" and the employment of labor relations "middlemen"—such as Nathan W. Shefferman and his firm, Labor Relations Associates of Chicago, Inc.—to defeat union organizing campaigns or to help employers get "a friendly union."

Abuses of the "weapon of organizational picketing," to "extort funds from management" and for other illegal or improves purposes.

illegal or improper purposes.

• An infiltration of gangsters and hoodlums in some unions, even "in high places," where they have been able to exercise "sinister control" over unions. The report calls Teamsters Pres. James R. Hoffa the boss of a "hoodlum empire."

• An extensive "no man's land" in labor-management relations, an area of disputes turned down by the National Labor Relations Board but not in the jurisdiction of state labor agencies; according to the committee, this has made possible the "exploitation of many workers and the circumvention of legitimate labor organizations."

"Lax" policies of law enforcement officers in "investigating and prosecuting acts of violence" in labor-management disputes, because of "fear of offending either side in a dispute."

of offending either side in a dispute."

• A "dubious role" played by some members of the legal profession in "their relationship with officials of some unions"; by protecting "the interests of certain officials in conflict with the interests of the membership which has paid their fees," they have "engaged in unethical practices debasing to the standards of their profession."

The committee noted "with deep satisfaction" that AFL-CIO subjected "to severe disciplinary measures" some of the unions involved in the probe, and called for "equally effective measures to clean house . . . by management and by bar associations against representatives from these segments of American life whose activities have been, to say the least, questionable."

Recommendations—Committee recommendations covered laws to insure union democracy; regulate and control union funds; regulate and control all pension, health and welfare funds, including employer-administered funds; curb. "middlemen" in labor-management disputes, and clarify the "no man's land" in labor disputes.

The committee said it will make further legislative proposals—on such matters as the infiltration of racketeers and hoodlums into unions, and on organizational picketing abuses—after additional hearings. DND



# How Teletype can help you plan and pace production

Pianning Production. A Teletype machine can give fast, printed communications between your sales offices, your distributors, your dealers—and the main office production planning department. You can get instantaneous information on the model, style or color that's selling. You can slow production on a "poor seller"—speed production on a "hot item".

If you have more than one plant, you can call on Teletype equipment to forward the order to the proper location. A single typing can deliver multiple copies to any number of receiving points—the plant, accounting, shipping or any other departments. In every way, Teletype can help you keep a fast check on your business pulse.

Pacing Production. While the production line is moving, you can quickly schedule for variables such as color and accessories, based on customer demands. Teletype machine reports give you upto-the-second information from your representatives in the field.

You can schedule work, control flow of raw materials and parts from warehouse to assembly point, and keep the shipping department advised on product types and delivery dates.

Planning or pacing production—Teletype can help. For specific information about the new Teletype Model 28 Printer or other Teletype equipment please write to Teletype Corporation, Dept. 10C-2, 4100 Fullerton Avenue, Chicago 39, Illinois.

# TELETYPE CORPORATION SUBSTITUTE OF WESTERN Electric Company Inc.



# "they've got the top engineering talent in the heat transfer business"

At Ross, engineering always comes first. Better design, better construction, better performance are uppermost. That's why all types of companies look to Ross for the most practical solution to any heat transfer problem.

For more than 40 years, engineers have been shaping policy and directing operations...in production, design, research, masketing, sales, purchasing. Today, Ross has the finest team of heat transfer experts in the business... men who are ready to focus their attention on special as well as routine assignments.

A Division of American-Standard\*, Ross Heat Exchanger is equipped to meet all of your heat transfer requirements . . . regardless of size and quantity. Recently, manufacturing facilities were doubled with

the opening of a large new plant devoted exclusively to heavy equipment, such as specially engineered exchangers and condensers. With the original plant turning out small, standardized units, Ross has now become even more specialized in producing industry's most complete line of heat transfer equipment.

The next time you have any kind of a heat transfer problem, let Ross tackle it. Meanwhile, get more facts on how Ross can custom build or mass produce exactly what you need. Write for new illustrated booklet: "THIS IS ROSS—READY FOR YOU."

American-Standard, Ross Heat Exchanger Division, Buffalo 5, N. Y. In Canada: American-Standard Products (Canada) Limited, Station D, Toronto, Ont.

AMERICAN Standard and Standard are trademarks of American Radiator & Standard Senitary Corporation

AMERICAN Standard Senitary Corporation

AMERICAN Standard Senitary Corporation

AMERICAN Standard Senitary Corporation

AMERICAN STANDARD STANDARD

ROSS HEAT EXCHANGER DIVISION

# In Labor

Cost of L	iving:	Wha	t's Hap	penin	g to It	
	-		1947-49 = 100			
	Mining	Free	Cothing		Henring	
				Total	Best Coly	
February, 1950	100.4	96.5	96.7	104.6	107.7	
February, 1951	109.9	111.9	105.6	111.2	111.3	
February, 1952	112.4	112.6	106.8	114.0	116.4	
February, 1953	113.4	111.5	104.6	116.6	121.5	
February, 1954	115.0	112.6	104.7	118.9	127.9	
February, 1955	114.3	110.8	103.4	119.6	129.7	
February, 1956	114.6	108.4	104.6	120.7	131.5	
February, 1957	118.7	113.6	106.1	124.5	134.2	
Merch	310.9	113.2	106.8	124.9	134.4	
April May Jam Jaly	119.3	113.8	106.5	125.2	134.5	
May	119.6	114.6	106.5	125.3	134.7	
Mana St. Control	120.2	116.2	106.6	125.5	135.0	
Mary State of the last	120.8	117.4	106.5	125.5	135.2	
August .	121.0	117.9	106.6	125.7	135.4	
	121.1	117.0	107.3	126.3	135.7	
October	121.1	116.4	107.7	126.6	136.0	
November	121.6	116.0	. 107.9	126.8	136.3	
December	121.4	116.1	107.6	127.0	136.7	
January, 1958	122.3	118.2	106.9	127.1	136.8	
Feb., 1958	122.5	118.7	106.8	127.3	137.0	
Deter Days, of Labo	r, Bureau of La	der Statistics.			Genomess wass	

# 100,000 Workers Get a Raise, Result of Rise in Price Level

The Labor Dept.'s Consumer Price Index rose slightly in mid-February, to a record 122.5% of 1947-49 average costs. The gain from the previous month's 122.3% meant a pay boost of 1¢ or 2¢ an hour for about 100,000 workers—one-third in the aircraft industry, the rest in metalworking and local transit.

The CPI was lifted mainly by higher food prices, blamed on freezing weather in the South earlier in the year, and on meat shortages that caused an unseasonal rise in meat prices. But home repairs and maintenance costs and rents also rose. Ewan Clague, head of the Bureau of Labor Statistics, said the CPI would have risen slightly even without the boost from food prices.

He added that he doesn't "see much change on the downside" in the next few months.

The net spendable earnings of factory workers dropped 17¢ a week in February, to \$73.71 after taxes for the average worker with three dependents. This drop combined with slightly higher costs to lower the buying power of factory workers 0.4% during the month.

# Unions Settling for Less Money As Employers Stiffen Resistance

Employer resistance to union demands continues to show up in reports of bargaining settlements; pay increases are being given, but they are running lower.

Three recent biweekly collective bargaining summaries issued by the Bureau of National Affairs, Inc., a private service, show raises in early Feb. averaged 9.5¢ an hour in manufacturing and 14¢ in nonmanufacturing, for an all-industries average of 10.1¢. After six weeks of successively lower settlements, pay hikes in late March averaged 8.3¢ an hour in manufacturing, 10¢ in nonmanufacturing, and 9.2¢ an hour for the all-industries average.

Mid-March settlements were running heavily (50%) in a 6¢-to-10¢ range, with an increase in zero settlements—those without a pay boost—also reported.

# UAW Demands in Farm Equipment Talks Follow Pattern Set in Auto Industry

United Auto Workers demands placed on the bargaining table for Detroit car makers this week will be echoed in the farm equipment industry later this year.

Forty top leaders of the union's Agricultural Implement Dept. met in closed session in Chicago last week to discuss "coordinated" bargaining for profit-sharing, a substantial pay increase, boosted supplemental unemployment benefits, and "improvements" in welfare programs.

As in the auto industry, basic demands will be the same, but separate negotiations will be held by UAW with International Harvester Co., which employs 35,000 under UAW contracts; Deere & Co., 15,000; Caterpillar Tractor Co., 25,000, and Allis-Chalmers Mfg. Co., 20,000.

### Labor Briefs

Labor's Daily, the only daily labor newspaper in the U.S., folded this week as its publisher, the International Typographical Union, gave up after sustaining a net loss of some \$800,000 in 5½ years. At its demise, the paper had a circulation of only 10,000.

Manufacturing injuries were at an all-time low last year—an average of 11.1 disabling injuries for each million man-hours worked. This rate was 8% under 1956, 7% better than the previous best safety mark set in 1934.

Strike benefits of \$35 a week have been approved by members of the International Assn. of Machinists in a referendum. Payments will begin when a "defense fund" of \$2-million has accrued.

On the bargaining front, the Central States Petroleum Union, an independent, asked Standard Oil of Indiana for 22¢-an-hour raises for 10,000 workers; the Independent Petroleum Workers of America demanded a "substantial" pay hike for 6,000 other Standard Oil employees. The demands are in line with Oil, Chemical & Atomic Workers (AFL-CIO) goals in 1958 bargaining—a raise to bring pay up to match higher living costs, plus a 3½% annual productivity raise.

# The Railroads' Right to Compete

VEN if the railroads were an obsolescent mode of transportation slowly succumbing to the march of progress, they would still deserve the opportunity to fight for survival on even terms. Actually, they remain the backbone of the transportation system, indispensable in time of peace and even more so in time of national emergency because of their unique ability to handle greatly expanded traffic volumes on short notice.

Yet the ironic fact is that the same political authority which has encouraged the development of competing modes of transportation, multiplied railroad taxes, and allowed the purchasing power of the dollar to fall and railroad costs to rise to unprecedented heights, is now denying the railroads the opportunity to compete freely.

### Competitive Rates Forbidden

The railroads' strongest competitive weapon is their ability to carry goods in large quantities over long distances at low cost. Under present regulatory policies, they often find themselves forbidden to establish rates reflecting this inherent advantage. Such rates, even though compensatory-that is, high enough to cover the cost of rendering the service-and even though nondiscriminatory as among shippers, are frequently prohibited merely on the ground that they would tend to upset the competitive balance between the railroads and a competing mode of transportation.

These so-called umbrella decisions are sometimes applied to proposed reductions in rates by trucking companies as well. Both the railroads and their regulated competitors are thus prevented from offering transportation at rates which they would willingly accept and which would afford shippers and their customers—that is to say, the general public-the economies which might be derived from the inherent advantages of different modes of transportation.

### The Public's Right to Minimum Rates

It is the essence of competition to allow the people to meet their economic needs and desires at the lowest possible cost. If this aim is to be realized, business in all its branches must be encouraged in every possible way to strive for new efficiencies and economies of operation and to offer its products or services to the public at prices that reflect the efficiencies and economies achieved, not at prices that can be matched by higher-cost competitors.

Why should the people be denied the benefits of this broad principle in buying transportation, one of the most essential of all services?

monthly review of business and economic condi-tions published by Guaranty Trust Company of New York. From the March issue of THE GUARANTY SURVEY,

The complete ison request.



# Guaranty Trust Company of New York

Capital Funds in excess of \$400,000,000

140 BROADWAY

# In the Markets

# Money Rates Respond to Ease But Chiefly on Short-Term Paper

Interest rates dropped sharply this week as the Federal Reserve's easier credit policy began to take hold.

The most pronounced drop was in the short-term sector of the market. Yields on 91-day Treasury bills, the key short-term rate, plummeted from 1.34% in the previous week to 1.18%, the lowest level since February, 1955. And most money men felt that Treasury bill yields were due to fall further (BW-Mar.15'58,p140).

Other short-term rates promptly adjusted to the decline in the bill rate:

· Bankers' acceptances were cut 1% to 11% for

prime 90-day paper.

• Commercial paper rates were cut by #%-the ninth reduction this year. The new rates on paper sold through dealers run from 21% for paper of top companies to 23% for lesser-known firms.

· Commercial paper placed directly by the major finance companies, such as CIT and CMAC, dropped its rates by 1% across the board to 11% for 30-day borrowings, 2% for nine-month maturities.

This round of rate reductions reflects a sharp increase in the amount of funds held by banks and other investors. But the big question is whether the ease in the short-term sector will influence long-term rates.

Bond dealers report that there is a "better tone" in the long-term market, particularly in governments. But the corporate bond market and tax-exempt municipals show signs of sluggishness and indigestion. This week, New Jersey Bell Telephone Co. announced indefinite postponement of an offering of \$35-million in long-term bonds to redeem an issue that was sold at 47% last September. The company felt it could not get a cheap enough rate to make the offering, especially when it would have to pay a premium to call in the bonds.

Most bond men feel that the terms of the Treasury's next financing, due in April, will be a crucial factor in determining if the long end of the market would get some ease. They hold that the Treasury has "exhausted" the long and intermediate market with recent offerings and that it should now go into the short-term field. If the Treasury follows this advice, the prospect is for an improvement in all long-term bond prices.

# Stock Prices Soften in Skepticism About Tax Cut, Renewed Inflation

While the bond market was acting stronger and more confident, indications of weakness appeared this week in the stock market.

One unfavorable sign was in the movement of the averages. The Dow-Jones industrials average came close to reaching the 459 peak reached early in February, then fell back. Technicians interpreted this failure as a sign

### MORE NEWS ABOUT THE MARKETS ON:

- P. 114 Big Board Members Clash Over Higher Fees
- P. 116 Food Stocks Show Strength as Defensive Issues

that buying power was exhausting itself. Some still feel that the averages could climb to 470 before petering

out, but a growing number expect a decline.

Brokers report that investors are less certain of a tax cut. The notion that a tax reduction would be enacted this year contributed to the strength of the market during the last month. Now, doubts are being voiced, and stock prices reflect this uncertainty. As one broker explained, "my customers feel that a new burst of inflation may be a long way off."

But neither individual nor institutional investors were being panicked. Instead, the market showed a tendency to drift, indicating a lull in investment decisions. Some stocks showed marked strength, particularly the depressed coppers, which benefited from increases in smelting prices. Chemicals and steel stocks, on the other hand, were shaky, partly because of shifts into more stable issues.

In trying to appraise an uncertain market, most Wall Street professionals feel confident that a major move is in the making; a majority expect a drop.

# The Market Briefs

In a move reminiscent of bull market days, Aerojet-General Corp., one of the top missile makers, split its common stock this week on a 10-1 basis. . . . In a different but equally welcome sort of readjustment of capitalization, Fulton Bag & Cotton Mills-selling over-the-counter at about \$26 per share-retired half of its 480,000 outstanding shares, with stockholders profiting to the tune of \$30 per share for the 240,000 shares retired.

Two bills-giving banks and trust companies wider powers to invest in real estate mortgages were enacted this week in New York. One authorizes savings and loan associations to purchase fractional interests in mortgages; they have been restricted to whole mortgages. The other bill permits trust companies, as trustees, to invest in federally insured mortgages.

Moore-McCormack Lines, Inc., hopes to finance construction of its passenger ships Brasil and Argentina by a public issue of \$24-million of mortgage bonds secured by federal mortgage insurance.

Getty Oil Co. directors have agreed next month to offer an exchange of the company's common shares for its preferred stock. Under the plan, preferred stockholders who accept the offer would receive one share of common stock for each three shares of preferred stock, which will be surrendered for cancellation and retirement. J. Paul Getty (BW-Jan.11'58,p58) owns most of the preferred.

# How Commission Rates Would Rise -

Price	Amount	Proceed Commission Schools	Proposed Commission Schodule	Doller Increase	Percent Increase
\$5	\$ 500	\$10.00	\$13.00	\$ 3.00	30.0 %
10	1,000	15.00	18.00	3.00	20.0
15	1,500	20.00	23.00	3.00	15.0
25	2,500	27.50	31.50	4.00	14.5
30	3,000	30.00	34.00	4.00	13.3
50	5,000	40.00	44.00	4.00	10.0
100	10,000	45.00	49.00	4.00	8.9
150	15,000	50.00	54.00	4.00	8.0
250	25,000	50.00	64.00	14.00	28.0
400	40,000	50.00	75.00	25.00	50.0
Date: New Yo	ek Stock Suchange			F. W.	O SOUTH WEEK

# Wall Street's Great Debate

While many stock exchange members favor move to boost stock commissions, the Street's biggest firm, Merrill Lynch, is going all out to defeat it.

The New York Stock Exchange, which has waged an active campaign to increase the number of shareholders in American business, this week moved to increase the cost of purchasing those shares.

The 1,366 members of NYSE have been asked to approve mandatory increases in commissions on stock transactions averaging around 13% (BW-Mar.15'58,p139). The table above shows a comparison of present and proposed rates.

If approved by a majority of the members, the boost would mark the third round of increases since 1947, when commissions were raised by 20%; in 1953, a close vote of the membership resulted in another increase of 18%.

Strong Opposition—Although the committee recommending the new increases voted 8 to 1 for the change, there is plenty of opposition. It is led by Wall Street's biggest firm, Merrill Lynch, Pierce, Fenner & Smith, one of whose partners cast the sole vote in the committee against the proposal to increase commissions.

This week, Merrill Lynch was trying to convince other member firms to vote-against the recommendation. It circulated a confidential memorandum that sharpely refuted the committee's recommendations.

 More Volume—The Merrill Lynch broadside pointed out that when the first increase was voted, daily round lot volume averaged less than 1-million shares. And at the time of the second increase, the volume was only 1.4-million. But the last four years "have been the best four consecutive years of volume in 25 years, with a four-year daily average of 2.3-million shares."

This larger volume, contends Merrill Lynch, meant an increase of 97% in the 1957 income of member firms over 1953. With this increase in income, it says, "it is extremely difficult to imagine trying to justify an increase in commission rates to the public at a time when margin requirements have just been reduced, call money has been made cheaper, and there has been a marked decline in stock values."

Moreover, with an eye to Wall Street's vulnerability in political circles, the memo adds that the exchange "will put itself in a position of flouting the public will at a time when a national policy of holding the line on prices has been urged."

• Burden on Small Investors—The opposition charges that the new rate schedule will discriminate against the small investor, who will have to pay an average increase of 26% on investments under \$1,000. Moreover, commissions on stocks costing under \$10 will be 3½ times more than commissions on stocks bosting \$100.

Some brokers siding with the Merrill Lynch group feel that the timing of the proposal for increases is poor at a time when business activity is declining. And they also contend that pushing through increases is in real conflict with the long-range aim of extending ownership. As one anti-increase broker explains: "After putting so much effort into cultivating the public, we are shutting the door in their faces."

· Opposite View-But many firms, in-

cluding some of Merrill Lynch's biggest rivals, are unmoved by all these arguments. They take the view that costs have increased much faster than the increase in volume. Small or inactive investors, they claim, should pay more in commissions because of increased costs of servicing such accounts.

costs of servicing such accounts.

Some of those favoring the proposed increases feel that too much emphasis has been put on the small investor. They cite the latest public transactions study issued by the NYSE last week, which shows that people earning less than \$5,000 accounted for just over 4% of the trading volume in the selected period for 1957, compared to almost 9% in 1952. Upper middle income individuals, on the other hand—those earning between \$10,000 and \$25,000—accounted for 38.4% of the dealings in 1957 compared to 31.1% in 1952.

Those opposed to the increase cite the same figures as evidence that no rise in commissions should be made. While admitting that the upper income brackets can afford the new charges; they feel that increased volume depends on attracting more investors in the lower brackets.

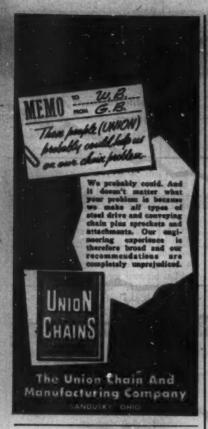
The very strength of Merrill Lynch's campaign makes some brokers feel it is merely trying to exploit its position as the champion of the small investor. "They're a super market operation," says one broker in favor of an increase. "They are geared to make money by handling thousands of small accounts. But the rest of us give much more individual service to our clients, large or small, without any fee except what we get in commissions."

One privately voiced reason for favoring an increase is that it will help to stop those brokers who are continually switching their customers in and out of stocks. "Once a broker feels he can make ends meet on an account," explains one Wall Street man, "he is less likely to be churning accounts to make a profit."

• Effect on Speculators—Both sides agree that an increase will hit hardest at the short-term traders and speculators who move in and out of stocks. Some insist that this is one reason to support the hike. But others consider that short-term trading is essential to maintaining an active market.

It is still too early to say how the vote will go, but most observers think it will be close. Merrill Lynch is reported to be putting pressure on the floor brokers, who handle a good many of its transactions. It is also trying to rally some of the bigger firms with the argument that the increase would mean giving a competitive advantage to overthe-counter dealers who trade in listed stocks.

· Competitive Disadvantage-At pres-





When you need Freight Transportation, shop the pages of BUSINESS WEEK. For 19 years, BUSINESS WEEK has led all management and news magazines in Freight Transportation advertising. Source: Publishers Information Bureau.



BUSINESS WEEK is your "shopping center" for business goods and services. For instance, BUSINESS WEEK has led all news and management magazines in Stationery and Miscellaneous Paper Goods advertising for 12 years. Source: Publishers Information Bureau.

ent, there's active competition on the sale or purchase of large blocks of stocks between member firms and overthe-counter dealers. Under the proposed change, NYSE members would have to charge much higher commissions on big blocks, and thus lose out to the big over-the-counter dealers, such as First Boston Corp. or Blyth & Co., which maintain an active market in heavily traded listed stocks.

But some of the bigger brokerage firms are supporting the increases even

But some of the bigger brokerage firms are supporting the increases even if it means a loss of business to overthe-counter dealers. They regard this as a minor matter compared to the regular transactions on the floor of the exchange. In their view, the increase is needed to keep ahead of rising costs. Supporters contend that Wall Street cannot hire good people unless it is able to pay more.

• Alternative Course-While Merrill

 Alternative Course-While Merrill Lynch may well carry the day, adjustments are considered necessary by many firms. A good many brokers are in

firms. A good many brokers are in favor of charging small and inactive accounts a fee for servicing, while keeping commissions at the small rate. This sort of arrangement, they claim, would put the broker on the professional level of a doctor or lawyer.

Brokers say that research costs are continually going up. Wall Street has become thoroughly research-conscious, with almost every firm boasting its stock analysts and market letters. The majority of firms do not charge their clients for advice on investments; they consider that they would lose business unless they provide research. But some firms do charge their customers a fee for investment counseling if the problems involved take a great deal of time and effort, For example, one big firm charges for handling estates that hold bonds and real estate as well as stocks.

Some changes are essential, according to those firms that are solely commission houses and do not profit from underwriting or counseling fees. For despite increased volume, some firms are hard put to make ends meet.

The strength of the opposition has cast doubt on whether increasing commissions is the best way of meeting this problem. Those who favor broadening stock ownership are finding it difficult to justify the hike. As the Merrill Lynch dissent sums it up: "The rate schedule recommended by the committee unnecessarily and unjustifiably increases the cost of doing business with NYSE member firms; it continues and aggravates the inequities and inconsistencies of the present schedule; it places a disproportionate and discriminatory burden on the small investor; it provides a competitive advantage to over-the-counter dealers; it is contrary to the best interests of both the public and the NYSE members."



# A BALANCED AND MANAGED INVESTMENT FUND

This mutual investment company is designed to provide in ONE security a BAL-ANCED INVESTMENT PROGRAM through diversified holdings of common stocks (selected for possible growth of principal and income); and preferred stocks and bonds (chosen for income and characteristics of stability). Get the facts on BOSTON FUND, now. Ask your investment dealer for a prospectus, or write:

# VANCE, SANDERS & COMPANY

111 DEVONSHIRE STREET BOSTON 9, MASS.

NEW YORK CHICAGO LOS ANGELES

### COLSON CASTERS

# Light Duty

Over four hundred types of easy rolling casters for wood and metal furniture.
Save offert ..., save floors.



### FINEST MADE FOR

### **Medium Duty**

Over six hundred types of sturdy, load fleeting casters for light trucks and commercial equipment.



### **FURNITURE & EQUIPMENT**

# Heavy Duty

Over a thousand types of rugged casters for original and replacement material bundling equipment.



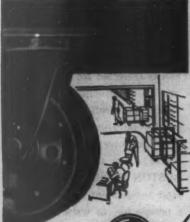
### INDUSTRY & COMMERCE

### Special & Brake

l'undrede of job engineered types of casters to meet specific needs in hospitals, commerce, and plants.



Your local Colon representative or distributor can promptly supply you from over 2000 types for original or replacement use to fit all jobs and equipment exactly . . . besed on more than 70 years of experience and service in the field. Seve floors, save equipment, save time and money, specify the finest, Colon Casters.



your local representative or distributor or write to



# The Colson Corporation .

A subsidiary of Great American Industries, Inc., Elyria, Ohio

FOOD COMPOSITE FOOD CHAINS **BISCUITS** ular bull PACKAGED FOODS MEAT PACKING **CANNED FOODS** THE RESIDENCE OF THE PARTY OF T

People, it seems, insist on eating, so defensive-minded investors flock to buy shares of chains and processors.

One clear indication of the increasingly defensive attitude of investors is the sharp rise in food stocks. Normally a sluggish group that failed to show much life in the 1953-1957 bull market, food stocks are now staging a rally that has carried some issues to record highs.

The switch to food stocks and food chain stocks is a logical recession development. Consumer income is likely to remain fairly high. The family food budget is usually the last thing to be cut back. And even when it is, families tend to consume a large amount of cheaper foodstuffs.

of cheaper foodstuffs.

It's the constancy in food consumption that makes this stock group move sluggishly in a boom and feverishly in an economic decline. Almost all groups in the food stock category have moved up (chart), although some sectors have been much more active and shown more strength than others.

• Chains at Top—The most popular defensive stocks in the over-all group are the food chains. In fact, most food chain stocks strongly resisted the early stages of the market decline and have moved steadily upward in the last six months. Today, most of the stocks are selling at price-earning ratios close to their all-time highs.

Actually, there are two main groups in the food store sector—the big national chains like Safeway, Kroger, and Grand Union, and the smaller chains like Food Fair and Winn-Dixie. The smaller chains have greater growth potential and traditionally sell at 10 to 15 times earnings, while the big outfits with more secure dividends, sell between 8 and 12 times earnings. But now some of the smaller chains are selling at 16 times earnings and some of the bigger ones at 15 times earnings.

As a result, yields on food chain stocks are more like those on growth stocks than on defensive issues. In fact, some analysts say that "most of the romance" is out of the chains Dividends are secure, but share price increases are not likely to show as much of an increase as earnings.

The food chains are not strictly dependent on food sales. They sell a good many department store items, which helps their earnings. Any "trading down" by consumers tends to



# When you ship, title passes, and your credit risk begins

At the time of shipping, you create an account receivable... and unless you have credit insurance... your insurance protection ceases. You lose control of the asset because title of the merchandise has passed. It is sound to insure your product while you own it... it is equally sound to insure it when your customer owns it... and owes you for it. Aggressive executives, through American Credit Insurance, continue protection of their working capital and profits invested in receivables. It is an important tool for constructive credit management. Our booklet on the many ways credit insurance contributes to financial security and sales progress should interest you. Write American Credit Indemnity Co. of New York, Dept. 42, 300 St. Paul Place, Baltimore 2, Maryland.

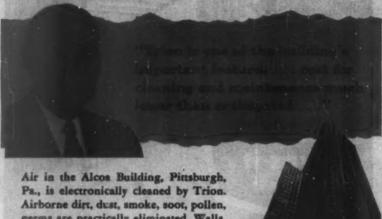
Protect your capital and profit invested in accounts receivable with American

Credit Insurance

ANY ACCOUNT ... NO MATTER HOW GOOD ... IS BETTER WITH ACI

# Men who build for the future choose TRION clean

Read what James P. Haight, Vice President, Aluminum. Co. of America, write TRION in the ALCOA Building



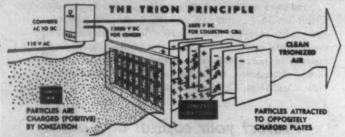
germs are practically eliminated. Walls, ceilings and furnishings stay bright and clean longer. In fact, it is estimated that savings on maintenance will pay for the Trion equipment within three years.

### THOMIZED AIR IS MORE THAN PILTERED AIR

Trion is much more than a filter. It traps even sub-microscopic airborne particles and washes them automatically down the drain. You'll find Trionized air pays for itself in your business buildings, a costsaving comfort in your home. Investigate Trion today.



ANY BUILDING BENEFITS FROM IMMUZED AM. Trion cleans air in hospitals, hotels, office buildings, food plants and other buildings throughout the world.



Trion removes practically all airborne particles, even as small as 1/2,500,000th of an inch, by National Bureau of Standards Duet Spot Test.

THE TREND IN MODERN BUILDINGS IS TO TRION ELECTRONIC AIR CLEANING

McKess Rocks, Pa. 000 000 1 In Metropolitan Pittsburgh

benefit the food chain stocks relative to department or variety store stocks. This week, for example, both Kroger and Jewel Tea announced earnings the first two months well ahead of

1957 figures.

• Processors—Food processing stocks have also done well, and should contime to hold up in a recession. For example, Corn Products has had two consecutive dividend hikes in the last two quarters, and has reached a new high this year. General Foods and Standard Brands also look for improved business in 1958 and qualify as prime defensive issues.

Some of the other food stocks are much more speculative. The earnings of canned food companies and meat packers depend in part on market costs and weather conditions. Meat packing stocks have been getting a play on the grounds that they are due to recover. But analysts point out that the price increase to date in most meat packing stocks has fully discounted any

rise in earnings.

• Canners Lag-The canning companies, which have been lagging behind the rest of the group, are not expected to show a comparable rise. This is because they have been burdened with heavy inventories and high costs due to investments in frozen foods. Some investors think that a downgrading in consumer buying will benefit the canners, and latest reports show some working down of canned goods inven-tories. But the bad winter weather meant that canners had to pay higher prices for new crops, which tends to limit an improvement in their earnings.

Many brokers feel that the interest in food stocks may be short-lived. As they see it, food stocks will be sold quickly if the economy starts picking up. "You couldn't sell a food stock a couple of years back," said one broker, "and if we get into a new boom, you won't be able to sell them again."

· Skeptics-Moreover, some brokers are skeptical about the defensive value of food stocks, particularly since the swift price rise of the past few months. If there is an over-all market decline, they say, food stocks will suffer, too. They may not fall so much as the more cyclical growth stocks, but they have already climbed so high that they now appear vulnerable.

Still, market sentiment generally favors food stocks at the moment, and food chains most of all. One analyst says the better food chains resemble utilities in their steady growth. And their success in cutting costs argues in favor of continued growth in earnings. "They're the one sector of the food group that should improve if we have a business upturn," explains one analyst "and should resist any further downturn." END



OLD WAY. No consumer excitement.

NEW WAY. An invitation to buy.

# New CORRUGATED wrapper triples doormat sales -lures dealers, wins prime floor position

Selling retail today involves more than just offering a quality product. This doormat maker offered top quality for years, but when he began using a corrugated wrapper, sales jumped by a staggering 300%.

For the first time here was a doormat with self-sell. The printed message on the corrugated wrapper sparked the customer's buying impulse. Then the folding handle held out an open invitation to pick up the mat and carry it home. No wrapping. No cumbersome handling.

Experience proves that the way to the consumer's pocketbook is to make your product easier to buy. Do that,

and the dealer knows it's easier to sell. So you get broader distribution and preferred treatment on the retail floor wherever your product is sold.

Today's exciting new material for consumer goods packaging is corrugated board. Strong but light, modern corrugated packages protect even better than many more costly materials. Corrugated is available in an infinite variety of sizes and in colorful designs

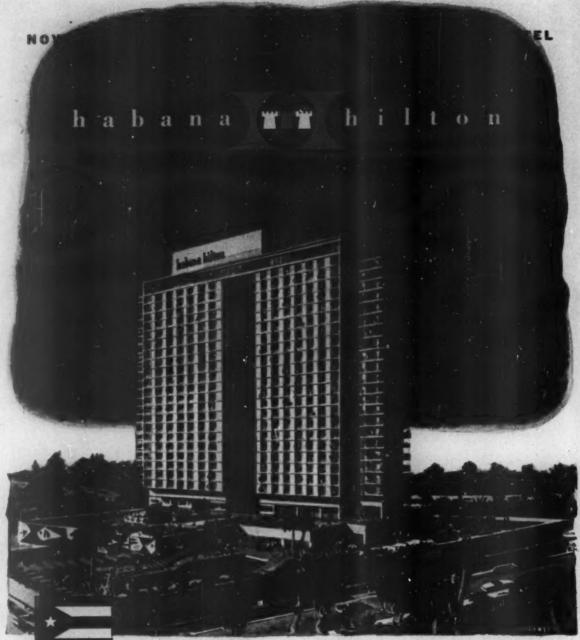
that say flattering things for your product. For an up-to-date picture of corrugated board and boxes, talk with your boxmaker. He's listed in your classified telephone directory under "Boxes-Corrugated."

Langston doesn't sell corrugated, only the machines that make it. Since 1902, these machines have led the field in efficiency and dependability. Samuel M. Langston Co., Camden 4, N.J.

THINK FIRST OF CORRUGATED



LANGSTON Cerrugated Container Machinery



HAVANA, the glamorous, gay capital of Cuba, provides a sophisticated setting for the new 30-story high Habana Hilton. Overlooking Havana, historic Morro Castle and the harbor, this spectacular, completely air-conditioned hotel offers 630 lavishly appointed rooms and suites, each with

a large private balcony, plus all the facilities of a magnificent resort. A swimming pool, colorful cabanas, an exciting Trader Vic's restaurant and a roof top cocktail lounge, the Sugar Bar, are just a few of the many outstanding features at Latin America's largest hotel, the fabulous new Habana Hilton.

Reservations: See Travel Agent or call New York, LOngacre 3-6900 • Chicago, Flnancial 6-2772 • San Francisco, YUkon 6-0576 • Miami, FRanklin 9-3427 • Pittsburgh, COurt 1-5600 • Toronto, EMpire 8-2921 • Montreal, UNiversity 1-3301 • Havana, F-3296 or any Hilton Hotel.

EXECUTIVE OFFICES
THE CONRAD HILTON CHICAGO 5, ILL.

Hilton Hotels
Conrad M. Hilton, President

# PERSONAL BUSINESS

BUSINESS WEEK MAR. 29, 1958



It's still a delicate topic around the business lunch table, but it's hard to overlook the fact that there is a strable number of executives, for years secure in top positions, now looking for new business connections.

Many of them probably find that they have become a little rusty on jobhunting.

Techniques have changed quite a bit since their first job-hunting days. You should be aware of these changes even though you may never use them personally—chances are, some of your business acquaintances confronted with a job problem will be leaning on you for advice.

Reliable professional assistance now is available—not from the typical employment agencies, which handle mostly positions in the \$10,000-or-under range—but from two sources often overlooked:

- Management consulting firms that carry on a limited amount of executive recruiting as a sideline to their regular activities—always on behalf of their industrial clients (who pay any fee involved).
- Executive recruiting specialists—and here you'll find a small list of reliable firms that handle mostly men in the \$20,000-and-up class. This list includes such names as Ward Howell Associates, New York; Handy Associates, New York; Boyden Associates, New York; E. A. Butler & Associates, Philadelphia; Edmund Eitel, Halifax, Va.; Heidrick & Struggles, Chicago; and Hergenrather Associates, Los Angeles.

These firms not only have wide contacts throughout the U.S., some go abroad on behalf of clients. For example, Ward Howell is active in Latin America, placing Americans, and E. A. Butler is opening a Paris office.

Remember, these counselors are not in the "employment agency" class—in fact, they steer clear of routine placements. Their clients are mostly medium-size and large companies, not the individuals seeking new positions.

What about the practical side? One thing agreed on by these experts is that you can't pin down an ideal job-hunting procedure—it varies case to case. But they're quick to point out that the average executive—even top men—can well afford a few pointed reminders.

- Ads. Don't shy away from reading them and placing them; best bet is big metropolitan papers with a large readership among businessmen or a business magazine. Concentrate on premium-rate executive ad sections.
- When to start. Failing to look around seriously before leaving the old company is an error that too many executives fall into. You can send a resume to an executive recruiter and get a lot of searching accomplished—on a strictly confidential basis, without your name being divulged. This takes very little time away from the office, and costs you nothing.
- Taking time out. It's foolish to leave a high paying job, then take six weeks in the Caribbean to cool off and get your bearings—unless you really need a rest cure. The trouble is, when you start contacting people, you're bound to give the impression you've been making rounds and been rejected by several companies. This can be serious, especially during one of the rush seasons—March-April-May, or September-October-November.
- Personal contacts. Here's where even top executives often kid themselves—by relying completely on friends and on contacts in their own industry. This chops away many chances that lie beyond one's personal acquaintance, and tends to put the job search on too personal a plane.

Wisest idea, advisers insist, is to cross industry lines and put as many

# PERSONAL BUSINESS (Continued)

BUSINESS WEEK MAR. 29, 1958 irons in the fire as possible. If you do contact friends, probably the best way to insure their graceful backing is to list them as personal references on your resume, and let them be contacted. It's usually a poor policy to have them make calls on your behalf—unless there's a very clear personal relationship between the friend and the company you're interested in.

• The resume. Don't make the common mistake of assuming that a resume is only for job seekers on lower levels. Here are a few pointers:

Keep the resume crisp, not over one and a half pages. List first what you've accomplished most recently—don't tell a chronological narrative.

Printed forms are fine for putting out feelers, but individual treatments should be aimed at concerns high on your list. In any case, use a covering letter—and follow it up with a personal call within 10 days.

It's probably best not to mention money; if you do spell out what you've earned and what you want, do it in the covering letter.

Don't hide your age. This is a mistake often made by men over 45. Fact is, the executive age range has moved up since around 1955—now many concerns are leaning to men in their 50s who have a wealth of solid experience. This, incidentally, is part of the current retrenchment trend.

Photographs, say the experts, are usually a wasted effort—and often give a decidedly "wrong impression."

Mention a dependable business phone contact—such as your lawyer or an answering service—to keep your search alive and confidential.

Health status, educational background, personal references, club memberships, statement of willingness to relocate—all are frequently ignored, but can be important.

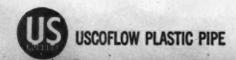
It's best not to state in the resume why you're leaving your old company—explanations of this kind put you on the defensive.

New ticketing and reconfirmation rules for international passengers on airlines serving the U.S., Canada, Mexico, and Cuba go into effect Apr. 1, according to the International Air Transport Assn.

If you make advance reservations more than three days before flight time, be sure to buy your ticket not less than 72 hours before take-off, or within 48 hours after you have received confirmation of your reservation, whichever is later. If your reservation is made less than 72 hours before departure time, purchase your ticket as soon as practicable after confirmation. If you don't, the airline will feel free to cancel your reservation and to recommend cancellation of any connecting flights.

Passengers out of the U.S. or Canada must reconfirm return reservations not less than 6 hours before departure unless stopover is less than 12 hours. If you hold confirmed space on westbound flights from the United Kingdom, Ireland, or Continental Europe to the U.S. and Canada over the North Atlantic, you are expected to reconfirm them not less than 48 hours prior to take-off, unless stopover is shorter than two days.

For the glove compartment that has everything, there's a new road map available. Called Auto-Mapic, it comes in a plastic case with an outer leatherette carrier. By simply sliding numbered tabs on each side of the case you can see the desired area. The maps cover either Eastern or Western U.S. Write to Gayles, 440 West 24th St., New York, \$14.95.





# New black UscoFlow Utility plastic pipe and fittings provide economical corrosion resistance—inside and out

A blend of styrene-base resins and synthetic rubber to give good impact resistance and high, effective tensile strength...

A simple installation-rapidly solvent welded...

A friction-free finish that maintains high flow-rate and resists build-up of scale or other deposits...

An economical price to solve corrosion and high installation cost problems that would ordinarily chew into your profits...

All this is the new UscoFlow line of black plastic pipe and fittings, specially designed for economical and efficient handling of fluids. It has already proven its long service life, free of maintenance and downtime, and is recommended for such applications as

> salt-water lines natural-gas lines

fresh-water lines\*

A full selection of UscoFlow pipe and fittings – plus expert engineering assistance – is available at any of the selected "U. S." Distributors, at "U. S." Branch Offices, or by contacting us at Rockefeller Center, New York 20, N. Y. In Canada, Dominion Rubber Co., Ltd.

\*Vocalite is approved by the National Sanitation Foundation for use with polable water.



**Mechanical Goods Division** 

**United States Rubber** 

See things you never saw before. Visit U. S. Rubber's new Exhibit Hall, Rockefeller Center, N.Y.

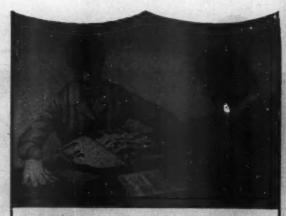
# Covering the country from a central point

# "UNITED RESERVED AIR FREIGHT GIVES WARD'S CUSTOMERS FAST FASHION SERVICE"

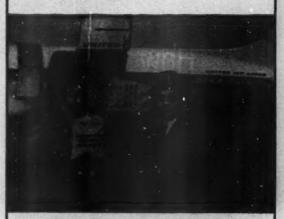


"Our distribution center for mail order fashions is in Chicago. Yet we give overnight delivery in key cities coast to coast, thanks to the speed of United Air Freight. But speed alone isn't the whole story. The personal attention we get from United is equally important to us. Their dependability, too. United delivers on time."

For service, information, or free Air Freight booklet, call the nearest United Air Lines Representative or write Cargo Sales Division, United Air Lines, 35 South Wabash Avenue, Chicago 3, Illinois



"THIS CUSTOMER has made her selection in our Oakland, Calif., catalog department. Her o.der is promptly relayed to us in Chicago. We have regular reserved air freight space with United—so it's just a matter of making the plane."



"JERRY MILLS, United's account executive, sees that the individual shipment is received and loaded with hundreds of others aboard United's fast DC-6A. The dress is in Oakland the next day. Just like having a flying warehouse!"

### UNITED AIR FREIGHT RATES ARE LOW

per 100 pounds*
CHICAGO to PHILADELPHIA \$ 7.70
SALT LAKE CITY to DETROIT 16.20
DENVER to NEW YORK 17.70
SAN FRANCISCO to SOUTH BEND 21.05
AKRON to SEATTLE 22.20

\*These are the rates for many commodities. They are often lower for larger shipments. Rates shown are for information only, are aubject to change, and do not include the 3% federal tax on domestic shipments.

LOW RATES are only part of the story of Air Freight's advantage. Even more saving is reflected in reduced inventory, economical packaging and insurance. United speed and 80-market service offer you distinct competitive advantages.

# In Management

# Sinclair Oil Promotes Spencer, Steiniger; Carl Gilbert Gets Top Post at Gillette

Sinclair Oil Corp. is getting a new president, but P. C. Spencer, moving up to the chairmanship, will continue to be the chief executive officer at the company. The man taking Spencer's post is E. L. Steiniger, 55, who a year ago was upped to executive vice-president

P. C. Spencer



E. L. Steiniger

in a mass promotion move (BW-Feb.9'57, p121). M. L. Gosney, chairman since 1955, is retiring. Steiniger's background is mainly in Sinclair's foreign operations: He

in charge of operations

is mainly in Sinclair's foreign operations: He was vice-president in charge of overseas operations before his promotion last year, and was president of the concern's Venezuelan subsidiary from 1950 to 1955.

Spencer, 64, a lawyer, has been president of the billion-dollar business since 1949, succeeding founder H. F. Sinclair.

In other corporate executive changes, Carl J. Gilbert, 51, was elevated from president of the Gillette Co. to chairman. Boone Gross, 53, president of the company's Safety Razor Div., moves up to the presi-

dency. Gilbert continues as chief executive officer. Vincent C. Ziegler, sales vice-president of the razor subsidiary, takes over Gross' old job.

Gillette does a \$200-million business in razors and razor blades, shaving cream, home permanents, cosmetics, and ball-point pens.

And at American-Hawaiian Steamship Co., Samuel H. Moerman, who left the chairmanship for "personal reasons" two years ago, has returned to the job. James H. Sharp, formerly a vice-president at Merck & Co., pharmaceutical firm, has joined American-Hawaiian as president and chief executive officer. Both jobs had been vacant since Moerman's resignation on Mar. 31, 1956.

The concern is in midstream now, will "continue to look for profitable employment," according to Moerman. In 1956, American-Hawaiian sold the last of its oceangoing ships with the intention of going into the inter-

### MORE NEWS ABOUT MANAGEMENT ON:

• P. 127 Beating the Recession: Company brass are cutting short-term costs, still planning on a pick up in the long run.

coastal trailer shipping business. But those plans have not yet materialized, and the company at present has no going operations, draws its income from some \$15million worth of securities.

# Companies Find That Executives Still Favor Stock Option Plans

Companies are still sold on stock option plans for top executives, says the National Industrial Conference Board.

Shortly after the stock market downturn, BUSINESS WEEK SURVEYED option holders, found them still cheerful (BW-Nov.2'57,p125). Now NICB, looking from the company's side, says that management still thinks stock options are an effective salary supplement.

Looking over the most recent crop of plans, the board finds they all still base the option price on the price as of the date of grant, despite a 1954 amendment to the Internal Revenue Code that allows the price to be based on subsequent prices. Most of the plans still set the price at about 95% of the market price on the day the option is granted.

# Oil Giant Reveals Its Formula For Determining Worker's Salaries

Who decides how much I get paid? And how does he decide it? To answer these employee questions, Standard Oil Co. of California has published an 80-page report on pay policies. The color-illustrated book has been distributed to all supervisors with instructions to show it to any interested employee. The worker can get his own copy merely by asking for one.

The book goes into job descriptions, groupings, and levels; methods of comparing Standard's pay with that of competing oil companies; an equating of tanker fleet and refinery job levels; and a discussion of foreign service pay differentials. The description generally shies away from any actual dollar figures, but it does show the salary structure for the just-under-officer executive groups (up to \$36,000 a year).

The BUSINESS WEEK story on the fight Hofmann Industries, Inc. is waging for control of Van Dorn Iron Works Co. (BW-Mar.22'58,pl46), listed Mount Vernon Co. and Holly Corp. as owning substantial holdings in Van Dorn. The two companies report that these shares were sold to Hofmann last December, and make up the greater part of Hofmann's 37% interest in Van Dorn.

# The ADVANCED MONROE Calculator.



See the MAN from MON

# How to Beat the Recession

- Survey of retrenchment methods used by big companies shows trimming around the fringes and a policy of not filling vacancies—indeed, encouraging them.
- But most company managers are still wary of adding fuel to gloomy talk by taking open and drastic action.
- Their problem: to cut costs for the short term while keeping ready for a longer-term rise in business.

As the industrial production figures dip and unemployment rises, a word that many U.S. companies haven't used for a while is cropping up again—retrenchment.

While the word is being used, it is being said very quietly. It has an implication that many dislike—that business may go down far enough, or stay down long enough, to require such drastic action.

• Matter of Degree—Retrenchment is not to be confused with cost-cutting, an activity of many companies over the past few years. Cost-cutting requires a delicate scalpel. It's what you do when volume stays high, but rising costs are eating up profit margins. It can mean anything from introduction of more efficient machinery to warnings on telephone bills.

Retrenchment, on the other hand, is an ax. When business is off and may stay that way for a while, fewer people are needed. Fringe departments and activities shift rapidly from the necessity class to the dispensable luxury class. Layoff of production workers alone rarely meets the problem—for one thing, it leaves a top-heavy overhead structure that's costly when it's supported by reduced volume. So retrenchment slashes through a whole organization.

• Hard Choice—The current economic situation has management in a dilemma. If the pickup is going to come in three or four months, it pays to overlook one quarter's earnings decline and to hold forces and functions intact to take quick advantage of an upturn in demand. But if a lower level is going to prevail for a long term, it might be better to make necessary cuts as soon as possible. Few managements today are certain which way to imm.

Certainly, the problem isn't equally bothersome to all companies. In some industries, such as those tied to the missile program, expansion is still going on. In almost any industry, some companies are still doing well enough for the question to be academic today. But

for many, there has been enough dip no matter how slight, to raise some thought.

# I. Guardedly Confident

Last week, BUSINESS WEEK reporters talked to a sampling of top executives to find out how they are walking this tightrope. Companies checked ran from the multibillion-dollar class to the \$1-million annual sales range, but each showed a fairly sizable drop in sales from 1956-57 levels. Here's the picture that comes out:

• There's a solid confidence—at least on an oral level—that the recession will not deepen too far or last too long. Considerably less than 10% of those interviewed are bothering to draw up long-range plans for cutbacks. Paradoxically, the greatest optimism is in those companies and areas already hit hardest, on the assumption that "things must have reached bottom by now."

• But even the optimistic are hedging. Though most responded at first with a "Who, us? Oh, no," on retrenchment questions, most conceded that some cuts are starting.

 And where cuts are being made, the majority of the group is trying to make them in ways that won't show.
 There's a serious concern that, while the public can understand production line layoffs because of declining volume, news about cutbacks in white-collar forces or staff functions tends to create more alarm.

• Psychology—In fact, a number of companies that flatly deny any retrenchment at all—and this includes some of the larger ones—confess that the possible psychological effect is one of the main reasons for their stand.

The president of a large capital goods company puts it this way: "In terms of our current level of business, maybe we should cut. But if things are going to pick up in a few months, why should we bust up a team, throw out programs that are important to us, and then scramble around trying to fill the empty holes in a hurry? Besides, why add

fuel to the fire? People are uncertain enough now. Get them gossiping that even big outfits like us are hurting and you build up a 'bad-times' complex twice as fast."

# II. Doing It Quietly

Current techniques seem to emphasize negative rather than overt action —not adding or replacing rather than actively cutting.

One method has already become general—white-collar staff reduction by attrition. Those who quit are not being replaced. A few companies, like a big appliance maker, have tightened up retirement programs—"suggesting" and in some cases "requiring" that all eligible employees retire, moving up men at lower salary levels, and not filling at the bottom levels. A substantial number are freezing salaries. No official announcements are being made—but no raises are being granted either.

These negative cutbacks go in a number of directions. A stove company that had planned to come out with a redesigned product this year now figures that a new design won't help much in the current market, so it will stick to its old models. A manufacturer of mining machinery has halted construction on a new research laboratory, expecting to use the \$500,000 to better effect elsewhere.

· Growth Plans-There's substantial indication that plans for growth are the most immediate victims of retrenchment. A large metal working company is canceling half of the \$10million worth of new machines and tools it had on order. A Midwestern maker of materials-handling equipment has a new plant, under construction for two years, almost completed but won't open it "until business picks up." Similarly, a spokesman for one of the largest farm and road equipment com-panies says blandly: "There's no sense of urgency here. Our thinking is governed by the long term, where things look bright." But he adds that a big new plant that was to open this spring now "won't be tooled."

Farther afield, a big metals company suspends all its foreign ore explorations. And oil companies are sharply chopping their drilling and exploration. As of Mar. 17, only 1,695 wells were being drilled in the U.S., almost 1,000 less than a year before. One big oil company plans to drill about 300 fewer this year. At \$170,000 per well (last year's average cost) that means some \$50-million less in spending by this one company.

• Trimming Fringes-Where changes

"BUTE CROSS know-how helps us offer outstanding protection against unexpected hospital bills!"

> Says HARRY ROLNICK, President, Resistol Self-Conforming Hats, Inc.



Harry Rolnick exhibits hats from his museum in Garland, Texas and is holding his own modern creation, the "Flat Top."

"When our company decided to have a program of hospital care benefits, we wanted the best. Of course, we couldn't become hospitalization experts overnight, but we did the next best thing. We went to our local Blue Cross people. Their long and specialized experience paid off for us. They were able to help us work out a program that pleases our employees."

Blue Cross Plans, serving locally coast to coast, bring Americans this famed program for prepayment of hospital care... the only one officially approved by the American Hospital Association.

BLUE CROSS PLANS pioneered group prepayment for the cost of hospital care. Starting in 1929, Blue Cross has grown to a present membership of over 55 million. Here are some of the reasons why:

A unique basic aim. Blue Cross Plans emphasize the actual care of the individual—rather than the payment of dollar allowances. Benefits are designed to meet the needs of the patient.

Convenience for employees. When being admitted to a participating hospital, the employee simply shows the Blue Cross card. Blue Cross Plans work closely with participating hospitals—as in a partnership. They alone are

officially approved by the American Hospital Association.

Efficiency for management. Because of the way Blue Cross Plans work directly with hospitals, your company need not get involved in cases. There are no claims to file. You have no extra paper work, no follow up.

Full flexibility. Blue Cross protection can be easily adapted to fit your company's employee welfare objectives, whether broad or limited. You'll find that Blue Cross can be integrated in almost any benefit "package."

Sound economics. Blue Cross can give you and your employees more for the money. Except for low administrative costs and reserves, all money paid in is set aside for members' hospital bills.

Check the facts! For full information on the many advantages of Blue Cross for employees and management, contact your local Blue Cross Plan. Or write directly to Blue Cross Association, Inc., Dept. 623, 55 East 34th St., New York 16, New York.

Typical of the leading companies having Blue Cress:

AMERICAN PRESIDENT LINES CHRYSLER CORP. CROWN ZELLERBACH CORP. J. STEVENS ARMS CO. RAYTHEON MFG. CO. R. G. LeTOURNEAU, INC. SCOTT ATWATER MFG. CO.



BLUE CROSS.

\*Blue Cross and symbol registered by the American Hospital Association in expansion plans can't be made-and the president of a Southern steel company remarks with understandable irony, "We just finished our expansion program in time for the recession" intangibles come next in line for cut-

ting.

Company publications—both internal house organs and externally distributed magazines—have been among the first casualties in several cases. Recruiting programs and company training schools have been disappearing. An official of one company that has dropped its educational program explains: "We've got a backlog of knowledge from the courses we've given in the past. This year we won't be adding many new people or upgrading as many, and fewer are quitting. So we have no real need for the school."

A few of the smaller companies have cut research expenditures out of their

budget.

"We've stopped kidding ourselves," says one president. "We can't beat the big companies at that game, and all we were getting were expenses, full ash trays, and nothing we could use."

Outside services are getting closer looks. Annual contracts for specialists are being canceled in favor of special

one-shot assignments.

• Ad Budgets—Advertising is coming in for some shifts. A logging industry supplier eliminates space in all "goodwill" publications—union papers, the postal workers' monthly, a hospital newspaper. The ad manager of a big Eastern company gets orders to "cut by 15%, but do it so it doesn't show."

The majority of company executives who were checked, however, insist that they are not cutting ad budgets—some are increasing them as part of a hard sell. But most agree that the emphasis is switching to more direct product advertising, less institutional.

### III. Where to Start

Facing many managements is the tricky decision as to which activities are essential, just "desirable," or easily dispensable. It comes up particularly in those cases where companies are trying an internal "cost blitz" rather than taking major swings at the budget.

One broadly diversified capital goods producer, which has already tried all the obvious cost cutters, recently ordered all department heads to submit plans for a 25% budget reduction. Having smoked out this, they're now putting the same department heads in the position of "voluntarily" getting rid of the nonessentials they found, rather than ordering a mandatory 25% cut across the board.

"The biggest headache comes," says another top executive, "over the frills which have gotten so solidly intrenched



HARRY ROLNICK, Pres., Resistol Self-Conforming Hats, Inc., says:

# "Doctors' backing gives <u>BUE SHIELD</u> special value for our employees!"

"Doctors in our area enthusiastically approve of Blue Shield. This certainly convinces our employees that they've got the best protection—and it assures us that we made the right decision in choosing Blue Shield."

<u>Doctor approval.</u> All Blue Shield Plans are sponsored or approved by state or county medical societies. Broad Blue Shield benefits include hundreds of operations as well as many nonsurgical services.

Management advantages. Blue Shield pays directly—no claims to file, no time-consuming bookkeeping.

<u>Cost is low</u> for the protection Blue Shield gives. All money taken in by a Blue Shield Plan, except for necessary expenses and reserves, goes toward paying members' doctor hills.

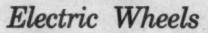
<u>Adaptable.</u> Blue Shield can fit the aims of large or small companies.

<u>To get answers to your questions,</u> contact the Blue Shield Plan in your area. Or write Blue Shield Commission, Dept. 623, 425 North Michigan, Chicago 11, Illinois.



Service marks reg. by Blue Shield Medical Care Plans







by R. G. LOTOURNEAU

For thousands of years the wheel stayed pretty much the same as it was invented. All it had to do was roll. Power came from somewhere else, either pushing or pulling. Even as you and I roll around on wheels right now things are still pretty much the same. You might say that there's been less change in the wheel than in any other invention.

Now, in the past fifty years or so, the world has put power to its wheels. We don't use animals or people anymore to push or pull our vehicles; we use engines. But the engines do the same thing... they push or they pull.

The way things are now, you have an engine that produces power. And then you have to worry about transmitting that power to the wheels so the vehicle will move. That's why the machines have transmissions, driveshafts, differentials, belt drives, chain drives, and all kinds of drives. By hook or crook these systems get some of the engine power to the wheels. But by the time you take into account friction and mechanical inefficiency, a lot of power has gotten lost along the way. Basically, getting power to the wheels this way is still a lot like the idea of the pushcart or the horse and buggy . . . the power comes from somewhere else and all the wheels have to do is roll.

You'd get a lot more power from the wheels onto the road, where it counts, if you had the power right in the wheels. And that's what we've done with our LeTourneau Electric Wheels. On our vehicles, every wheel has a powerful motor built into the hub—every wheel drives.

A diesel-powered generator produces electricity and cables carry the current to the wheels. But the wheels do all the work... and they don't lose any power through transmissions, driveshafts and differentials.

Another thing about this kind of power is that it's always looking for a way to work. Sometimes you get a wheel on a slippery surface where there's hardly any traction. That's when the ordinary wheel spins. But with our Electric Wheels, the extra power that isn't being used shifts right over to the other wheels, and you keep right on going.

The same power that drives the wheels also brakes them. It's called dynamic or regenerative braking. All that means is when you're going downhill, for example, momentum causes the wheel motors to act as generators. A tremendous field of magnetic force holds you at the speed you want to go and with it you can brake right down to a stop. It's all done with electricity and you have no brake drums and linings to wear out. You never need a brake job.

We're using Electric Wheels on all our mobile, heavy duty equipment for the logging industry and on our big, off-road transporters that can carry 100 tons or more. When you've seen them at work doing all sorts of big, tough jobs, you'll realize that power in the wheels is a big step forward. It's a step you can take. Start by telling us about your machinery problem — and let us put Electric Wheels to work for you.

R.g. Le Tourneed



# R.G. ETDURNEAU INC

2613 SOUTH MAC ARTHUR . LONGVIEW, TEXAS

R-10

over the past 10 fat and happy years that they are now regarded as basic functions—or in some cases simply protected by sentiment because you hate to see a program die that you've tenderly nurtured for a decade. But we've done without them before—and we'll do without them again."

• Super Surgery—Some outfits find it necessary to take broader swipes at the budget. Admittedly, not many have yet gone to the extreme of one aircraft company that, after chopping its force some 50% top to bottom over the past year, last month "asked" all its remaining executive personnel to take pay cuts ranging from 10% to 30%.

Where the ax must swing, however, companies seem to be trying to do it selectively. The majority have tried to retain all essential functions—and for that matter, all plants or offices—even if they have to reduce to a skeleton force. But the unskilled and inadequate are getting short shrift.

"We find we can cut pretty deep," says a company president, "and still keep enough good men to use as a nucleus to expand around again when the upturn comes." More than one company notes it seems to be getting as much work out of two men as it used to get out of four, 'and in some ways, this slowdown has let us get rid of some pretty awful deadwood we've been collecting over the past few years."

ecting over the past few years."

• Not Too Far-Where cuts are running deep, such careful selection hasn't always been possible. Aside from the humanistic aspects, some officials are concerned about where they'd again pick up the skilled men when the turnaround comes. "As far as we're concerned now," says one, "these men are forever lost to us."

The one thing most companies are urgently trying to avoid is actual closedowns, even of marginal plants. But some are being forced into it. The auto companies are probably the strongest example. And, obviously, the auto companies aren't the only victims.

A building materials company in the South, a steel company in the Midwest, a chemical company in the Southwest have all within the last month decided to close one of two plants entirely, to consolidate remaining operations. An electronics company in the same boat tried for a while to keep things going on short shifts, finally decided wide layoffs were a better answer—the short weeks were disrupting both efficiency and morale.

And a couple of outfits right now are trying to decide whether to stick it out or to retrench themselves right out of business. Both have been in declining markets for some time—one in textiles, another in a consumer luxury item. To them, the current recession is almost the last straw. END

# COLUMBIA-SOUTHERN CHEMICAL PUTS NEW BUILDINGS ON FIRM FOUNDATION

From New York's revitalized Third Avenue to the booming Southwest, massive office buildings and industrial plants spring up at record pace. Builders excavate greater areas and dig deeper to provide adequate foundations. Soil formations aren't always cooperative.

Silt, sand, and other loose soils "run." This endangers not only the excavation, but also nearby buildings, streets, public utilities equipment. Sometimes the excavation can be kept clear by pneumatic caissons, steel sheetpiling, cofferdams . . . too often, even these high-cost-per-foot techniques prove only partially effective. That's when Columbia-Southern calcium chloride enters the picture . . . and the ground.

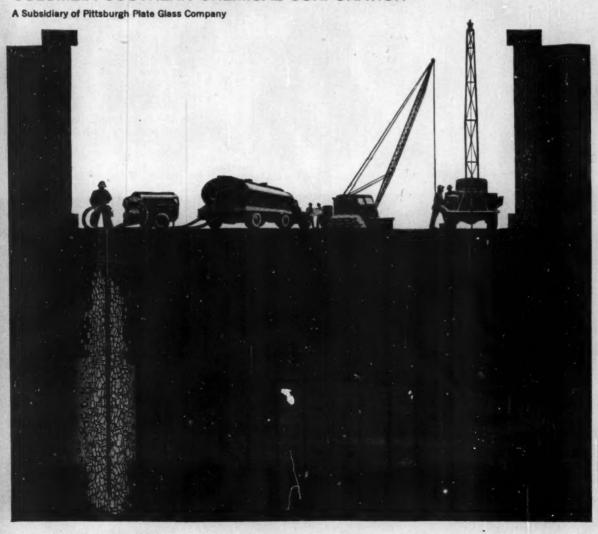
Excavating specialists discovered that this versatile chemical, "shot" into loose strata in combination with another compound, precipitates to form an insoluble crystalline solid. This solidifies the surrounding soil to the load-bearing strength of sandstone, and permits

excavation to bed rock faster and less expensively. The chemicals are introduced very simply . . . holes are drilled down to rock, casing lowered to block soil entry, pipe run through the casing, the casing raised, first sodium silicate and then calcium chloride "shot" down the pipe under air pressure. The pipe is raised several feet and the injection repeated, as often as needed.

Calcium chloride is one of many widely used chemicals produced by Columbia-Southern. Others familiar to industry are chlorine, caustic soda, soda ash, hydrogen peroxide, caustic potash, muriatic acid, chlorinated solvents, white reinforcing pigments, chrome chemicals, titanium tetrachloride, and other heavy and specialty chemicals. In hundreds of applications, they help to make better products at less cost for our use and enjoyment.

The Columbia-Southern Chemical Corporation, One Gateway Center, Pittsburgh 22, Pennsylvania. Offices in principal cities. In Canada: Standard Chemical Limited.

### COLUMBIA-SOUTHERN CHEMICAL CORPORATION



# New Life for the Ski Business



MIDWEEK SKIER cautiously approaches the crest before starting a downhill run. The emptiness of the slope reflects the downside of the ski business. Midweek trade is poor.

March snows assure April skiing and the best season in years for resorts in the Northeast.

March weather was heartily cheered by one group of businessmen-the hardy entrepreneurs of the ski industry.

For them, the winter got off to a lean start, with bare ground in December and empty resorts over the Christmas-New Year's holidays. But an ample downfall of white stuff in January, the bonus blizzard in February, and more snow in March practically assures skiing into April, making 1958 the best ski season in five years.

Even so, ski resort operators protest, it's a profitless prosperity; no one is making any money.

"Skiers who think the areas are making a fantastic profit," says Fred Pabst, Jr., owner-operator of Bromley in Manchester, Vt., "don't realize that the parking lots are semi-full on a few weekends in the winter and that the areas starve during the week-while expenses continue. The number of areas is growing faster than the number of skiers being produced."

• Figures—Skiers boast that theirs is America's fastest-growing sport. However, participation figures are hard to nail down. Estimates run from 4-million up to 15-million. Others, based on trade figures on equipment sales, pare the number down to 2.5-million or



FANCY LIFTS in New England include the Skimobile (above) in North Conway, N. H., carrying about 1,000 skiers an hour, and the double chair lift (right), which can haul about 800 an hour. Both types are operated in the summer to keep areas in the black.

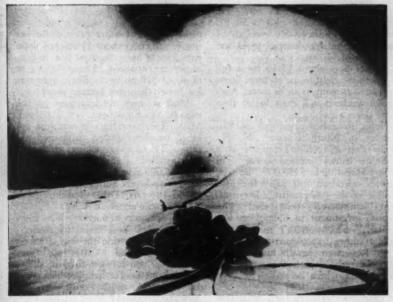


132 Industries

BUSINESS WEEK . Mar. 29, 1958



WEEKEND SKIERS crowd for their turn at the lift lines. Here's where the money is, for the operators-when it snows.



WHITE HOPE of the ski business is the snow-making machine. The winter-time sprinkler is expected to fill in for Old Man Winter when the ground would otherwise be bare.



SKI CHAMP Toni Matt, right, helps to outfit a beginner at N. Conway ski shop.



"We achieved all our objectives ... "



MR. JOHN M. KEYS. Advertising Director, WMAQ-WNBQ Chicago

"We blanketed key sections in our WMAQ-WNBQ coverage areas with our story—reaching directly into homes of potential viewers and listeners by mass distribution. Through the direct mail phase of our planned Dlamond Match program we've made contact with key agency and advertiser personnel...all done at reasonable cost...and comments prove the match books made a strong and lasting impression!"

The Big Advertisers



Their Advertising with a



planned book match advertising program

Write on your business letterhead for folders describing new techniques in "Dismensionized" book match advertising.

**BOOK MATCH ADVERTISING DEPARTMENT** DIAMOND GARDNER CORPORATION THE DIAMOND MATCH COMPANY DIVISION 125 Paridon Street, Springfield, Mass.

3-million-about double the Athletic Assn.'s 1946 estimate of 1.4-million. Over the same period, the number of ski areas has increased four or five times. · Problem Sport-The East, with its large population centers, is the nation's leading ski market. It is also an area with its own problems-a short season, a predominantly weekend trade, and capricious weather. Current develop-ments in the snow business stem from efforts to cope with these difficulties:

· To extend the season, multimillion-dollar ski areas are being built at high altitudes in northern New Eng-

land and New York.

· To build up weekday trade, resort and ski area owners are offering attractive weekly ski vacation packages.

· To cope with uncertain weather, operators are installing or expanding

snow-making equipment.

· More Investment-"Skiing sure has changed," says Bill Whitney, president of the Eastern Lift Area Operators' Assn. and one of the oldest area operators in New Hampshire. "Skiers now demand packed trails and slopes. No one ever walks anymore. And people who drive 200 or 300 miles or more for skiing won't ride rope tows."

This means heavier investment for the area operator. A rope tow costs about \$1,000, while a Pomalift tow costs about \$20,000, says Whitney. "Keeping a ski slope is worse than being a greenskeeper of a fancy golf course."
• Year-Round Business-Whitney says there are three kinds of areas operating: state areas, with deficits made up by the taxpavers; the gentleman owner, who builds up an area out of sheer devotion to the sport; and the businessman operator.

"The amount of money you make depends on the number of days the lift runs," says Whitney. He averages 85 days a year, but has dropped to 43 and hit a high of 110 days.

A skier pays about \$5.50 for a full day, with the right to use all tows. Some areas have as many as six or more. And, a good weekend will draw better than

1,000 skiers a day.

Philip Robertson, manager of Ski-mobiles in North Conway, N. H., claims that he couldn't operate at a profit on winter business alone. "On an investment up to \$250,000," he says, winter operation will carry the load because of the comparatively low overhead, maintenance, taxes, etc." The original investment in Skimobiles was \$850,000, which doesn't include the costs of other improvements at Cranmore. Robertson operates his fancy car lift-"the only one in the world"-in the summer, which helps him keep in

Figures for the state-owned Cannon Mountain Aerial Tramway lift at Franconia Notch, N. H., bear Robertson out on the importance of summer operation to the large ski areas. In 1955-its best recent winter-the Tramway took in \$211,323; that summer it netted \$467,-040. In 1957, a bad winter, the Tramway earned \$99,065, but summer tourists paid \$484,332 to ride it.

· Sidelines-Skiing's ups and downs are shared by others in the snow business. U.S. manufacturers of skis and ski equipment have felt the impact of European competition. "Skiers aren't snobs." says one clothing manufacturer, "but they do follow fashion trends." And, today, the big thing in ski accessories is

Europe.

"It hasn't been a matter of price as "It hasn't been a matter of price as New much as a matter of styling," says New Hampshire's Gov. Lane Dwinell, a ski clothing maker himself. "Foreign competition is hurting," says H. C. Lund, manufacturer of Northland Skis, Laconia, N. H. About a dozen domestic manufacturers went out of business in 1950, says Lund, although he doesn't believe foreign imports knocked them out. But some retailers disagree.

Just as some big area operators count on summer tourist trade to even out the trough, ski accessories makers are expanding into other sport lines. Lund manufactures water skis. And winter sports retailers such as Carol Reed Ski Shops of North Conway rely on skiing for only about a twelfth of total sales volume of close to \$1-million.

· White Hope-Most operators think that the real solution is snowmaking, despite this year's near-record fall. But snowmaking isn't cheap, and it isn't easy. You have to create a blizzard by forcing compressed air and water from separate lines through a nozzle something like the one on a garden sprinkler. Temperature must be below 30° to get snow. Six nozzles, one air compressor, eight gallons of water per minute per nozzle will cover about 1½ acres of slope with 3 in. of heavy snow, or 6 in. to 8 in. of powder, in about 20 hours—at a cost of about \$10 an hour. Some operators get better than this average result.

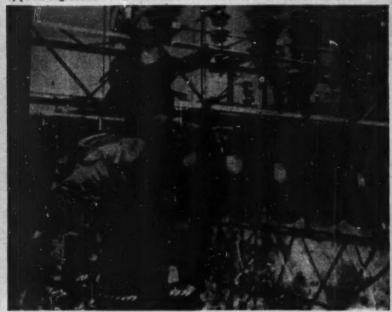
Most ski men are impressed by the success of Bousquet's, at Pittsfield, Mass. Two years ago, it was just another weather-defeated, little-used ski slope. Then, snow-making machinery was installed. Last season, Bousquet's drew 35,000 skiers, ran 85 days-including 16 weekends during the worst season in 10 years. Other Berkshire areas averaged only about 20 days.

Area operators in northern New England and New York count on artificial snow centers outside the big cities to stimulate demand. "After all," says Whitney, "you can get tired of skiing on the same pocket handkerchief every day." He believes that once skiers get past the beginners' stage they'll want more than artificial powdered slopes can offer, and will go north to get it. END

# Cost-cutting Silicones

# Speed Maintenance, Production

TRIMMING THE TAB ON PLANT EXPENSE — Every executive knows that rising costs coupled with excessive down-time can swing a healthy net profit to an embarrassing loss. New ways to smooth production flow and cut maintenance hours have been discovered, however : . . with silicones. Here are some salient facts on how Dow Corning Silicones have come to the aid of plant engineers.



HIGH VOLTAGE IDEA — The Kaiser Aluminum and Chemical Corp. had a problem with high voltage insulators in the switchyard of their Permanente, California, plant. Cement dust would coat the strings of insulators causing current leakage and flashovers during damp weather. Cleaning insulators took eight man hours per string every six months. Of course, the plant had to shut down while power was off.

Then plant maintenance engineers brought silicones into the picture. Insulators were coated with Dow Corning 5 Compound, a greaselike dielectric material. After six months, the silicone-coated insulators came clean with a quick swish of a dry cloth. Results from additional tests were equally favorable. Now Kaiser Aluminum plans to cut cleaning schedules to once a year, do the entire job with fewer people and in less than a shift!

PAINT THAT STAYS NEW — To prevent rust and add attractiveness, Cosden Petroleum Refinery, of Big Spring, Texas, has painted its huge "cat" cracker and all other high-temperature units in a gleaming silver and gold color scheme. How can the paint stay on these hot surfaces?

Cosden's secret is a silicone aluminum paint made by Cactus Paint Company from Dow Corning silicone resins. It withstands temperatures from 300 to 900°F on stacks, furnaces, crackers, and similar equipment. Where several



repaintings a season were formerly needed with conventional paint, the silicone finish resists both heat and weathering ... is still "like new" after three years. A lot of paint and painting time has been saved, rust has been prevented and the plant "looks good ... like a refinery should."

BUBBLES BROKEN FOREVER — Foam is one waste you don't have to live with. For example, a metalworking plant had trouble with coolant on a camshaft grinder. The cutting oil foamed so badly it overflowed both the grinding machine tank and the 289-gallon filter tank connected to it. Naturally, this interfered with production. Then the company tried



a ready-to-use Dow Corning silicone defoamer. A single teaspoonful eliminated foam entirely. Now floors stay clean, work is less messy and production runs smoothly . . . due to an occasional spoonful of silicones!

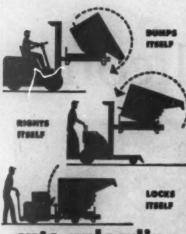
FOR MORE INFORMATION on any of these silicone products or applications, write Dept. 223a



Dow Corning CORPORATION

MIDLAND, MICHIGAN

ATLANTA BOSTON CHICAGO CLEVELAND DALLAS DETROIT LOS ANGELES NEW YORK WASHINGTON, D. C.



Attach this hopper to any lift truck... and one man can cut hand unloading time by 50%. Your Roura will handle all types of bulky material ... wet or dry, hot or cold.

Simple, easy to operate and ruggedly built for toughest usage. Extra heavy gauge metal ... continuous-earn welded ... braced and double braced. Sizes 1/4 to 2 cubic yards.

Fits any lift truck ... attached or detached in 3 seconds. Also available on live skids or with wheels or casters. Thousands in use by the biggest names in industry.

WANT DETAILS? Clip this coupon to you letterhead and mail to

ROURA IRON WORKS, IMC. 1407 Woodland Ave., Detroit 11, Michigan

# EXPANDING?

In the coming years nearness to abundant raw materials, basic products and markets may be the difference in building a prosperous stuare. West Virginia has many advantages for industry—manufacturing, processing, fabricating, and West Virginia is a great place to live with its 17 State Parks and 11 State and National Forests.

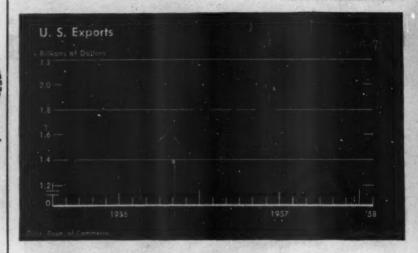
For complete, confidential information write or phone: Dom Crisile, Executive Director, West Virginia Industrial and Publicity Commission, Room 13, State Capitol, Charleston 3, West Virginia.

### **WEST VIRGINIA**



maintains news bureaus and correspondents in 60 cities in the United States and posessions.

# CHARTS OF THE WEEK

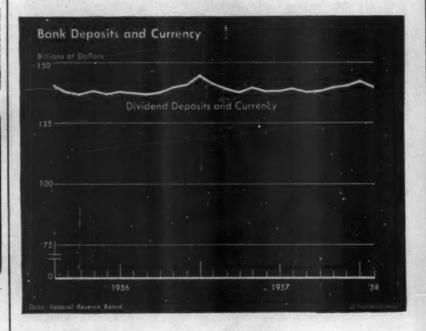


# The Slump Continues

In January, 1958, U.S. exports continued the decline that set in during the last half of 1957. The slump followed a very sharp rise in the early

part of last year. Exports in January fell to the lowest level since February, 1956. January's showing, however, still was better than

the average month in any Let the last two postwar years. In 1957, the total was pushed up by the continued rise in capital equipment exports, increased shipments of agricultural products, and emergency oil shipments to Europe in the beginning of the year because of the Suez crisis.



# A Shift in Composition

The shift within the money supply last year was indicative of its tightness. Demand deposits and currency outside banks-generally considered the active

money supply-contracted, and time deposits-the relatively inactive portion owned in large part by savers-experienced a record growth for a peacetime

# It helps curb inflation by holding food prices down

Trading stamps are simply one of many competitive tools. Like anything else which exerts competitive pressure, trading stamps act to hold prices down and thus help curb inflation.

In a study of the effects of trading stamps on food prices in supermarkets conducted by marketing experts of a large state university, they found no evidence that stamp stores as a group charge higher prices than non-stamp stores. On the contrary, they found that stamps work to hold prices down in two ways:

- 1. Stamps have an active, competitive effect on non-stamp stores. This may result in the non-stamp merchant cutting some prices and offering giveaways or other inducements to gain customers.
  - 2. Stamp stores, on the other hand, must

also keep their prices competitive if they are to gain the increased business volume that stamps can provide.

The outcome is that whether a supermarket gives stamps or doesn't give stamps, the stamps help hold prices down in either case. In these inflationary times, our economy needs every competitive tool, like the trading stamp, that it can get, because competition is the greatest single anti-inflationary force at work.

REFERENCE: "Trading Stamp Practice and Pricing Policy." Dr. Albert Haring and Dr. Wallace O. Yoder, Marketing Department, School of Business, Indiana University.

This message is one of a series presented for your information by

THE SPERRY AND HUTCHINSON COMPANY, 114 Fifth Avenue, New York 11, New York.

S&H pioneered 62 years ago in the movement to give trading stamps to consumers as a discount for paying cash.

S&H GREEN STAMPS are currently being saved by millions of consumers.

# clues:

To The Solution of Management Men's Problems

Published: weekly - closes 12 days in advance.

Rate-\$10.15 per line (\$5.08 per line for position wanted ads), minimum 2 lines. Allow 5 average words as line; count 3 words for box number.

ADDRESS BOX NO. REPLIES TO: Box No. Classified Adv. Div of this publication. South to offen sourcet yes.

NEW YORK 36: P. O. BOX 12

CHICAGO 11: 128 N. Michigan Acc.
BAN PRANCISCO 4: 68 Post St.

### SELLING OPPORTUNITIES

Manufacturers—De yeu need Commission Salesmen to sell your products—to securcontract work? Contact Albee-Campbell, Inc.—since 1938, the National Headquarters for Manufacturers' Agento—East St. New Canaan, Conn., Phone: WOodward 6-4233.

We seek industrial Sales line OEM occounts eastern NY-NJ-Conn—P.O. Box 7, New York 21.

### SPECIAL SERVICES

Mir. Procident or Comptrollers Can you be sure that the cost of purchased gas and electricity at your plants and warehouse is never excessive? A monthly audit by our rate experts with 20 years experience is the answer. 50,000 bills checked 1957. Indication of your interest will bring details. SS-7597 Business Week.

### BUSINESS OPPORTUNITIES

Free Catalog. Contains hundreds of businesses, farms and income properties throughout U.S. Canada. Specify type and location desired. Deal direct with owners, U.1. Buyers Digest, 1608 Hillhurst. Dept. BW-7, Los Angeles 27, Calif.

Overseas industrial firm acts as liaison engineers' with your agents-prospects-markets.

Autoquip Assoc., New York 21 EL 5-5633.

### CAPITAL TO INVEST

Commercial and Real Estate Financing, 1st & 2nd Mortgages, Construction Loans, Chattel Loans on Machinery, Equipment, Fixtures & Inventory, Sale & Leaseback, Present Financing Consolidated and increased Payments Reduced. Receivable Discounting, Re-Discounting and Installment Financing, Long Term Subordinated Note and Debenture Financing, New Ventures Financed. Promotional Financing, U. S. & Canada, Sy Field Co., 1457 Broadway, New York, N. Y. WI 7-7395.

# YOUR "CLUES" ADVERTISEMENT IN BUSINESS WEEK WILL GET RESULTS!

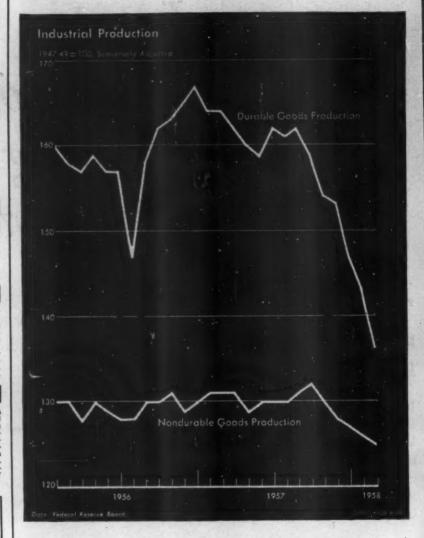
Business Week, America's widely read weekly business news magazine is subscribed to by 320,000 men holding down important management positions throughout every major industry. Men who make the decisions to buy, sell, employ, finance, expand, for the successful and efficient operation of their company. If you have specialized services to offer these men, WRITE:

BUSINESS WEEK
"CLUES" SECTION
P. O. Box 12, New York 36, N. Y.

year. In addition, demand deposits had to work harder. The measure of this is turnover velocity (the rate at which checking account balances are used). In New York, for example, the velocity on demand deposits was 49.5 last year. In 1956, the rate was 45.8.

The increase in time deposits (and,

in turn, the drop in demand deposits) undoubtedly reflected the reserve situation. The Federal Reserve's policy of restricting the supply of reserves tended to restrict loans and ultimately demand deposits. A third factor, in recent months, has been the decline in business activity.



# Durables Lead the Way Down

Output of the nation's factories and mines continued to slip in February, falling to 130% of the 1947-49 average after seasonal adjustment. This was a 12% decline from the all-time high reached in December, 1956, and 10% below August, 1957, which has sometimes been pegged as the beginning of the slide. The February figure is the lowest level the index has reached since December, 1954.

The decline in industrial production has been chiefly in durable goods. Output of durables in February fell 17%

below a year ago to the lowest level since August, 1954. Auto production was down 31% from a year ago. Durable goods production appears to be dropping further this month, indicating that the industrial production index in March will dip under 130.

Nondurable goods output also has continued to drop, and in February was 5% below the peak reached in September, 1957. By comparison, durable goods have skidded 19% under their peak production record reached nine

months earlier.

# ADVERTISERS IN THIS ISSUE

Index for Business Week March 29, 1958

AMERICAN CREDIT INDEMNITY	GRAYBAR ELECTRIC CO
AMERICAN TELEPHONE & TELEGRAPH	GREAT HORTHERN RAILWAY
Agency-N. W. Ayer & Son, Inc.	SUARANTY TRUST CO. OF NEW YORK Agency—Albert Frank-Guenther Law, Inc.
BALTIMORE & OHIO RAILROAD 46 Agency—The Richard & Foley Adv. Agency, Inc.	GULF OIL CORP
BANK OF NOVA SCOTIA	THE HALOID CO
BELL & HOWELL PHILLIPSBURG CO 47 Agency-Philip I. Ross Co.	Agency—Hutchins Adv. Co., Inc. HILTON HOTELS CORP. Agency—Needham & Grohmann, Inc.
BETHLEHEM STEEL CO	
BLUE CROSS-BLUE SHIELD COMMISSIONS	HINDE & DAUCH
Agency—J. Walter Thompson Co. CHARLES BRUNING CO., INC	HOOKER ELECTROCHEMICAL CO
CHARLES BRUNING CO., INC	Agency—Foote, Cone & Belding
Agency-N. W. Ayer & Son, Inc.	ILLINOIS TOOL WORKS, SHAKEPROOF DIV
Agency-Charles O. Puffer Co.	INTERNATIONAL BUBINERS WACHINES
CELANESE CORP. OF AMERICA14-15 Agency—Ellington & Co., Inc.	Agency—Benton & Bowles, Inc.
GENTURY ELECTRIC CO	JONES & LAMSON MACHINE CO
CHAMPION PAPER & FIBRE CO	JONES & LAUGHLIN STEEL CORP
Agency—Campbell-Ewald Co.  THE CHARE MANHATTAN BANK	SAMUEL M. LANGSTON CO
	H. B. LEE CO
CHRYSLER CORP., AIRTEMP DIV SI Agency—Grant Adv., Inc.	R. G. LETOURNEAU
C.I.T. CORP	ARTHUR D. LITTLE CO
CLUES (CLASSIFIED ADVERTISING)138 COLSON CORP	MANPOWER, INC
Agency—Ketchum, MacLeod & Grove, Inc.	MASTER ELECTRIC CO.  Agency—Kircher, Helton & Collect, Inc.
COMBUSTION ENGINEERING, INC 83 Agency—G. M. Banford Co.	MeLOUTH STEEL CORP
Agrany-Critchfield & Co.	METROPOLITAN LIFE INS. CO
Agency—Doremus & Co.	MINNESOTA MINING & MFG. CO
DOUGLAS FIR PLYWOOD ASSN	MONROE CALCULATING MACHINE Agency-L. H. Hartman Co., Inc.
Agency—Church & Guisewite Adv., Inc.	MOTOROLA COMMUNICATIONS & ELECTRONICS, INC
E. I. DUPONT DE NEMOURS & CO 57 Agency—Batten, Barton, Durstine & Oeborn, Inc.	Agency—Kolb & Abraham, Inc.  NATIONAL CASH RESISTER2nd Ca Agency—McCann-Erickson, Inc.
EASTMAN CHEMICAL PRODUCTS, INC70-71 Agency—Fred Wittner Adv.	
EDMONT MFG. CO	NATIONAL STARCH PRODUCTS, INC Agency—G. M. Basford Co.
EVER READY LABEL CORP 82 Agency—Alan Goodman Adv.	PAGE FENCE ASSN. (AMERICAN CHAIN & CABLE CO., INC.) Agency—Reinoko, Meyer & Finn, Inc.
	PITTSBURGH COKE & CHEMICAL CO Agency-W. S. Walker Adv., Inc.
FIRST NATIONAL CITY BANK OF NEW YORK	THE PULLMAN CO.  Agency—MacFarland, Aveyard & Co.
FORD MOTOR CO	QUINCY COMPRESSOR CO
FORT WAYNE CORRUGATED PAPER CO 68 Agency—Doremus & Co.	
FUJI BANK, LTD	Agency—The Richard A. Feley Adv. Agency, 1
	REMINGTON RAND, DIV. OF SPERRY RAND CORP. ASSOC Paris & Peart, Inc.
GENERAL DYNAMICS CORP. (ELECTRO DYNAMIC DIV.)	The state of the s
GENERAL ELECTRIC CO., COMM. & IND. AIR COND	ROSS HEAT EXCHANGER DIV. OF AMERICAN-STANDARD Agency—Harold Warner Co.
	Asvacy-Marsteller, Richard, Gebhardt & Be
GENERAL MOTORS CORP., (CHEVROLET MOTORS DIV.)	
B. F. GOODRICH INDUSTRIAL PRODUCTS	Agency-Grant Adv., Inc.
Agency—The Griswold-Eshleman Co.	SCOTT PAPER CO
W. R. GRACE & CO. (POLYMER CHEMICALS DIV.)	SHAW-BARTON, INC.

SHELL GIL CO
R. H. SHEPPARD CO
SINCLAIR OIL CORP B. Agency—Dorsmus & Co.
THE SPERRY & HUTCHINSON CO
THE STANLEY WORKS & Agency—Hugh H. Graham & Assoc., Inc.
STFALCASE, INC
TELETYPE CORP. 10 Agency-Marsteller, Rickard, Gebhardt & Reed line.
TERRITORY OF HAWAII
THE TEXAS CO
THE TORRINGTON CO 8
TRION, INC
UNION CHAIN & MFG. CO
UNITED AIR LINES
UNITED ENGINEERS & CONSTRUCTORS.
Agency—Gray & Rogers
UNITED STATES RUBBER CO
VANCE, SANDERS & CO
WAUSAU PAPER MILLS CO
WEST VIRGINIA INDUSTRIAL & PUBLICITY COMM
WESTERN RUBBER CO
WHEATON VAN LINES, INC.
ZiPPO MFG. CO

ADVERTIBING SALES STAFF
Midwestern Adverticing Sales Manager
John P. Taylor—Chicago

Atlanta 3... Douglas C. Billian, 134 Pessihtres B. 3. N. Jackson S. 4051

Lackson S. 4051

Habbard 2.7165

Shenger, Park Square Bidg. Habbard 2.7165

Chicage 11... John F. Buomer, Harbert M. Higgins, James B. Mellinen, Robert Sidur, 500 F. Michigan Ava. Mohawk 4.5800

Chashin, 55 Fukhis Square, Superier 1.7000

Dilas 2... Gordon L. Jones, Vandan Bidg. Dollas S. Gordon L. John G. Chashin, 50 Fukhis Square, Superier 1.7000

Dilas 2... John W. Patten, Mile High Center 1740 Broadway, Alpins 5-881.

Dollard 28... G. Robert Griswold, Richard J. Mc Gurk, Fundamont G. M. Mallion 6-813

Bertwit 28... G. Robert Griswold, Richard J. Mc Gurk, Fundamont G. M. Mallion 6-813

Bertwit 28... Mallion 6-813

Bertwit 28... Mallion 6-813

Bertwith St., Madison 6-813

Bew York 56... Harold E. Chesca, Fred R. Beet St. G. G. Gordon H. Rievenson, 500 5th Ava. Oxfor 5-505.

Philadolphia 3... R. Bernard Alexander, David S. Conner, T. R. Robertson, Six Post St. Louate 5-633.

Philadolphia 3... R. Bernard Alexander, David R. Conner, T. R. Robertson, Six Post St. Allante 1-4765

Allante 1-4765

Bas Francisco H. Cash, Continental Bidg. 3015 Olive St., Jefferson 5-4857

Bas Francisco 4...-John W. Otterson, St. Post St. Douglas 2-6000

Great Bertala... Herbert Lagler, McGraw-Hil House, 55 Farrington St., London, E. C. 4 Lureson.

# The Case for Cutting Taxes Now

The Administration obviously is receiving an enormous amount of contradictory advice on the crucial question of whether or not to endorse a tax cut as a means of snapping the country out of its business recession. This is an infinitely complex subject. Men who are both wise and honest can form violently differing opinions on it. And so there is no need to look for either political skulduggery or sly self-interest to explain the confusion of tongues that is so evident in all discussions of the problem.

Nevertheless, a decision has to be made and made promptly—for to delay is in itself to make a decision. Any choice will involve both political and economic risks, but the fact that the choice inevitably must be chancy does not mean that it must be blind. In taxation, as in other areas of economics, there are a few fundamental principles that the Administration can use as guides.

To be a potent anti-recession measure, a tax cut must meet two qualifications:

 It must take effect before the contraction of production and incomes begins to feed upon itself.
 Once the vicious circle of deflation is joined, the stimulating effects of the cut are lost in the shrinkage of incomes and purchasing power.

 It must have a substantial impact on the economy as a whole. That is to say, it cannot be either an empty gesture or a vote-catching scheme designed to benefit a single group or economic class.

Measured against these standards, the arguments for postponing a tax cut lose force. The case for making a broad and substantial cut immediately—meaning within a matter of weeks—becomes practically conclusive.

We have now checked off three months of 1958 without seeing any signs to indicate that a real upturn is in the making. The critical month of March has passed without producing the turning point that Pres. Eisenhower's advisers had hoped to see; instead, it brought new evidence that the recession was deepening and broadening.

In the light of these facts, it seems clear that we stand to lose far more by delaying a little too long than by acting a little too soon. This alone would be reason enough for the Administration to decide in favor of a prompt tax cut. But there is another and perhaps even more important argument swinging the balance in the same direction, and that is the delicate state of relations between the Administration and Congress.

It would be a fatal mistake for the Administration to lose the initiative in planning and proposing a tax cut as an anti-recession measure. That would mean that Congress would take over and write its own ticket. And to throw such an assignment to an opposition Congress in an election year would be bad politics, worse economics, and a serious strain on the patience of Providence.

Up to this time, Congress has shown an admirable self-restraint in dealing with the tax question. The Democratic leadership, with genuine concern for the country's welfare, has fought down the temptation to play politics. But if Congress decides that the Administration is stalling for time, then it will try to ram through its own anti-recession plans. The result inevitably would be a bad bill; for Congress even in the best of times finds it hard to write a tax law based on economics rather than politics.

In short, if the Administration is in any doubt about the timing of a tax cut, it should resolve that doubt in favor of cutting promptly.

### What Sort of Cut?

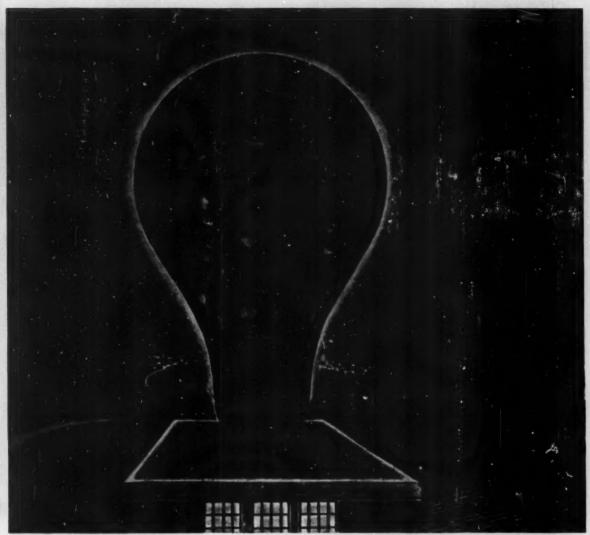
There is room for debate as to just which taxes should be cut and how much. But here again it is possible to dispose of many of the arguments simply by applying general principles.

To be effective in checking the downward spiral, the tax cut must be something more than a quick handout to a few individuals. It must help to restore the incentives for investment and capital spending as well as to provide more spending money for consumers.

For this reason, the Administration's program should provide income tax relief for all individual taxpayers, not just for the lower brackets. And it should apply to corporations as well as to individuals.

For the same reason, the cut should not have an automatic termination date attached to it. Tax relief will lose all its force as an incentive to long-run investment and industrial expansion if it is tagged from the first as a purely temporary measure. There will be time enough when we are once again prosperous to consider whether taxes can be kept permanently at the lower level.

The logic of the situation, then, calls for a quick cut, a substantial cut, and a cut that applies to all classes of taxpayers. Obviously, this will be just as disagreeable to the Administration as it will be to the many taxpayers who have applauded its efforts to balance the federal budget and check the longrun trend toward inflation. But in the final analysis there is no choice. The strength of the whole free world now depends on the health of the U.S. economy. The Administration cannot risk the international consequences of a recession even if it were willing to take its chances with the domestic effects. In the end, it will have to take whatever steps are necessary to head off a spiral of deflation. And the sooner it starts taking those steps, the less drastic they will have to be.



Pacific Gas and Electric Company and General Electric have built a plant to obtain operational data for large-scale nuclear power projects. Shell lubricates the turbine which supplies 5000 KW of power to 47 California counties.

# Oil for an atomic lamp

At General Electric's Vallecitos Atomic Laboratory near Pleasanton, California, Pacific Gas & Electric and GE have recently completed the nation's first privately financed atomic power plant.

In this station, the turbine is turned by steam fed *directly* from the atomic reactor. This direct connection between reactor and turbine eliminates the need for a "heat exchanger" system, but it creates a new challenge to lubrication because radioactive steam reaches the turbine. For the answer to this new challenge in turbine lubrication, the builders turned to Shell, pioneer in lubricants for atomic installations. Today the turbine plant is lubricated exclusively by Shell.

And the experience gained here by General Electric, PG&E, and Shell will soon be put to work on the larger atomic installations that are to come.

Leaders in Industry rely on Shell Industrial Products

@1958, SHELL OIL COMPANY

# Eliminate this costly operation now!



Pre-assembly of washers and screws saves millions of man hours in the mass assembly industries. SEMS, a development of Illinois Tool Works, are mechanically pre-assembled for faster handling, easier application, simpler stock control. Earning substantial savings wherever used, SEMS are available in a wide variety of standards and specials from leading manufacturers.

# Sems

SEMS is a development of Illinois Tool Works, Chicago



# 36 Sources

... ONE NEAR YOU FOR

AMERICAN SCREW COMPANY
ANCHOR FASTENERS, INC. Villimentic, Connecticul
ANCHOR FASTENERS, INC. Claveland S, Ohio
THE BLAKE & JOHNSON CO.

BUTCHER & HART MPG. CO. Altono, Pennsylvania

Chicago Q, Illinois

Keene, New Hompshre
Fronklor, Kentolinois
CONNECTICUT SCREW & RIVET CO., INC.
Walthury 20, Connecticut

CONTINENTAL SCREW CO. Waterbury 20, Connecticut
New Bedford, Massachusetts
ECONOMY SCREW CORP.

ELCO TOOL & SCREW CORPORATION Rockford, Illinois

GREAT LAKES SCREW CORPORATION
Chicago 27, Illinois

H. M. HARPER CO.
Morton Grave, Illinois
HARVEY HUBBELL INC.

INDIANA, METAL PRODUCTS DIVISION,
TEXTROH INC.

Rochester, Indiana

LAKE ERIE SCREW CORP.

THE LAMSON & SESSIONS CO.
MIDLAND SCREW CORP.

Cleveland 2, Ohio
Cleveland 2, Ohio

NATIONAL LOCK COMPANY
THE NATIONAL SCREW & MPG. CO.

Cleveland 4, Ohio

Cleveland 4, Ohio

Los Angeles 22, California

PARKER-KALON DIVISION, GENERAL AMERICAN

TRANSPORTATION CORP.

Clino New Joseph

PHEOLL MANUFACTURING CO. Chicago 50, Illinola PITTSBURGH SCREW & BOLY CORP.
Pittsburgh 33, Pennsylvania DIV. OF TORRINGTON CO.

Torrington, Connecticut



RELIANCE DIVISION, EATON

REPUBLIC STEEL CORP.

ADI & Nut Division, Cleve and 13, Ohio
RING SCREW WORKS

Van Dyke, Michigan
ROCKFORD SCREW PRODUCTS CO.

RUSSELL BURDSALL & WARD BOLT & NUT CO.

Port Chester, New York

Los Angeles 33, California

Rock Falls, Ultimas

SCOVILL MANUFACTURING CO.
Waterville Division, Waterville 48, Connecticut
SEMS DIVISION, TEXTRON INC.

Portford Illinois

SHAKEPROOF DIVISION, ILLINOIS TOOL WORKS
SOUTHINGTON HARDWARE MFG. CO.
DIV. OF PITTSBURGH SCREW & BOLT CORP.

THOMPSON-BREMER & CO.

TRIPLEX SCREW CO.

UNITED SCREW & BOLT CORP.

Checago 8, Illinoi.

Checago 8, Illinoi.

Checago 8, Illinoi.

WALES-BEECH CORP. Rockford, Illinois

For information on SEMS sources in Canada, contact:
CANADA ILLINOIS TOOLS LTD.
SHAKEPROOF/FASTEX DIVISION